

CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

Date of Closing: April 23, 1987

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CITY OF PETERSBURG  
SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B  
and  
SEWERAGE SYSTEM  
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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CITY OF PETERSBURG

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF PETERSBURG AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$900,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B, AND NOT MORE THAN \$3,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF PETERSBURG:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.02. Findings. It is hereby found, determined and declared that:



A. The City of Petersburg (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Grant County of said State.

B. The Issuer now owns and operates a public sewage treatment, collection and transportation system which has been damaged extensively by flood. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed a new sewage treatment plant and other additions, betterments and improvements for such existing sewerage facilities of the Issuer (the "Project") which constitute properties for the treatment and collection of liquid or solid wastes, sewage or industrial wastes (the existing system, the Project, and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$4,231,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$1,200,000 in two series, being the Series 1987 A Bonds in the aggregate principal amount of not more than \$900,000, and the Series 1987 B Bonds in the aggregate principal amount of not more than \$300,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than \$3,500,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection

with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority and attached hereto as "Exhibit A" and made a part hereof.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1987 B Bonds shall be junior and subordinate to the Series 1987 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

I. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt bonds during the calendar year in which the Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

"Bondholder," "Holder of the Bonds," "Holder" or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

"Bond Legislation," "Ordinance," "Bond and Notes Ordinance" or "Local Act" means this Bond and Notes Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"Bond Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns.

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"City Clerk" or "Recorder" means the Recorder of the Issuer.

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineers" means Dewberry & Davis, Fairfax, Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02(D) hereof to be a part of the cost of construction and acquisition of the Project.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"FDIC" means the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

"FEMA Grant" means the grant from the Federal Emergency Management Agency pursuant to the commitment therefor.

"Fiscal Year" means each 12-month period beginning on July 1 and ending on the succeeding June 30.

"Governing Body" means the council of the Issuer, as may hereafter be constituted.

"Government Obligations" means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America.

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which Grant is

to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined, and for the furnishing by the Issuer of miscellaneous service.

"Herein," "hereto" and similar words shall refer to this entire Bond Legislation.

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Issuer" means the City of Petersburg, in Grant County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated April 14, 1987, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved,

and the execution and delivery by the Issuer authorized by, this Ordinance or an ordinance or resolution enacted or adopted by the Issuer prior to the enactment of this Ordinance.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" means the balance of the Gross Revenues, remaining after deduction of Operating Expenses, as hereinafter defined.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" or "GAN" means collectively, the not more than \$3,500,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than \$3,500,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets,

amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$900,000 in aggregate principal amount of Series 1987 A Bonds and the not more than \$300,000 in aggregate principal amount of Series 1987 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, G. L. Cottrill & Company, Inc., of Morgantown, West Virginia, or such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means collectively, the State of West Virginia Grant and the FEMA Grant, together with any other grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar, or Notes Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or Article VIII of the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of a new sewage treatment plant, collection and transportation lines, lift stations and force mains and all necessary appurtenances.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government



Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The Investment Agreement which, in the event Notes are issued, may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

(i) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(j) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's

Investors Service, Inc. or Standard & Poor's Corporation.

"Registered Owner," "Noteholder," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, Note, Bonds or Notes, the person in whose name such Bond or Note is registered.

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Series 1987 A Bonds" or "Series A Bonds" means the not more than \$900,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer.

"Series 1987 A Bonds Reserve Account" means the Series 1987 A Bonds Reserve Account established in the Series 1987 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1987 A Bonds in any year.

"Series 1987 A Bonds Sinking Fund" means the Series 1987 A Sinking Fund established by Section 5.02 hereof.

"Series 1987 B Bonds" or "Series B Bonds" means the not more than \$300,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 B, of the Issuer.

"Series 1987 B Bonds Reserve Account" means the Series 1987 B Bonds Reserve Account established in the Series 1987 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1987 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1987 B Bonds in any year.

"Series 1987 B Bonds Sinking Fund" means the Series 1987 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"State of West Virginia Grant" means the West Virginia Small Cities Block Grant pursuant to the commitment therefor.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Issuer and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

"Tap Fees" means the fees, if any, paid by prospective customers of the System in order to connect thereto.

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

## ARTICLE II

### AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$4,231,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

### ARTICLE III

#### AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Bonds, funding a reserve account for each series of Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$1,200,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1987 A," in the aggregate principal amount of not more than \$900,000, and "Sewer Revenue Bonds, Series 1987 B," in the aggregate principal amount of not more than \$300,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, as Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as

applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial

Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost.  
In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond

shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1987 B Bonds to be Junior and Subordinate to Series 1987 A Bonds. The payment of the debt service of all the Series 1987 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1987 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1987 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:



[Form of Series 1987 A Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PETERSBURG  
SEWER REVENUE BOND, SERIES 1987 A

No. AR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PETERSBURG, a municipal corporation of the State of West Virginia in Grant County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning \_\_\_\_\_ 1, 19\_\_\_\_. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 198\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately \_\_\_\_\_ months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on the \_\_\_\_\_ day of \_\_\_\_\_, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of \$\_\_\_\_\_, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and

all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1987 B Bonds, provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF PETERSBURG has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 1987.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_

KANAWHA VALLEY BANK, N.A.,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

[Form of Series 1987 B Bond]

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PETERSBURG  
SEWER REVENUE BOND, SERIES 1987 B

No. BR-\_\_\_\_\_

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PETERSBURG, a municipal corporation of the State of West Virginia in Grant County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of \_\_\_\_\_ (\$ \_\_\_\_\_), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated \_\_\_\_\_, 198\_\_.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on the \_\_\_\_\_ day of \_\_\_\_\_, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and



conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1987 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only

upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER (THE "SERIES 1987 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF PETERSBURG has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated \_\_\_\_\_, 1987.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
\_\_\_\_\_

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: \_\_\_\_\_

KANAWHA VALLEY BANK, N.A.,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution is hereby authorized, ratified and approved.

## ARTICLE IV

### INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$3,500,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, Surplus Revenues, letter of credit proceeds and other sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$1,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of



letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

## ARTICLE V

### SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1987 A Bonds Sinking Fund;
  - (a) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account.
- (2) Series 1987 B Bonds Sinking Fund;
  - (a) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1987 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1987 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1987 A Bonds on the next ensuing semiannual interest payment date, less any earnings transferred from the Series 1987 A Bonds Reserve Account for the purpose of making interest payments on the Series 1987 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 A Bonds on the next ensuing principal payment date, less any earnings transferred from the Series 1987 A Bonds Reserve Account for the purpose of making principal payments on the Series 1987 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 A Bonds, if not fully funded upon issuance of the Series 1987 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1987 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month,

commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1987 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1987 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1987 B Bonds on the next ensuing principal payment date, less any earnings transferred from the Series 1987 B Bonds Reserve Account for the purpose of making principal payments on the Series 1987 B Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1987 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1987 B Bonds, if not fully funded upon issuance of the Series 1987 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1987 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1987 B

Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1987 B Bonds Reserve Requirement.

Moneys in the Series 1987 A Bonds Sinking Fund and the Series 1987 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1987 A Bonds Reserve Account which result in a reduction in the balance of the Series 1987 A Bonds Reserve Account to below the Series 1987 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1987 B Bonds Reserve Account which result in a reduction in the balance of the Series 1987 B Bonds Reserve Account to below the Series 1987 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1987 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Series 1987 B Bonds are issued, provision shall be made for additional payments into the Series 1987 B Sinking Fund sufficient to pay the interest on such

additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1987 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1987 B Sinking Fund in any year for account of all the Series 1987 B Bonds, including such additional Series 1987 B Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1987 A Bonds Sinking Fund, or the Series 1987 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required

to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund and the Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

F. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

G. The Gross Revenues of the System shall only be used for purposes of the System.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

## ARTICLE VI

### BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Bonds Sinking Fund, the amount specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1987 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1987 A Bonds, there shall be deposited with the Commission in the Series 1987 A Reserve Account and from the proceeds of the Series 1987 B Bonds, there shall be deposited with the Commission in the Series 1987 B Reserve Account the respective sums set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation and Indenture (if any). Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1987 A Bonds, and thereafter for the Series 1987 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.



Disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original Bonds, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1987 A Bonds Reserve Account, and when fully funded to the Series 1987 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon.

## ARTICLE VII

### ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1987 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1987 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1987 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the

Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted March 13, 1987.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such

sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise, shall be deposited in the Revenue Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1987 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of

and security for payment from such revenues and in all other respects, to the Series 1987 A Bonds and the Series 1987 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1987 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1987 A Bonds, unless the Series 1987 B Bonds are no longer outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(A) The Bonds then Outstanding;

(B) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(C) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1987 A Bonds and the Series 1987 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1987 A Bonds or the Series 1987 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The

Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

A. A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the



System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation

of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(A) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(C) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(D) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

## ARTICLE VIII

### INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, if any, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission, the Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission, the Depository Bank and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1987 (or any successor provision) and an Authorized Officer shall deliver his certificate, based upon

this covenant, with regard thereto to the purchaser of the Original Bonds.

Section 8.03. Rebates of Excess Arbitrage Earnings. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt bonds during the calendar year in which the Bonds are to be issued. Therefore, the Issuer believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is in fact subject to such rebate requirements, the Issuer hereby covenants to rebate to the United States Government the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

## ARTICLE IX

### DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

B. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(C) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note

or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1987 B Bonds shall be subject to those of the Holders of the Series 1987 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for



Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

## ARTICLE X

### DEFEASANCE

Section 10.01. Defeasance of Series 1987 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1987 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 A Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1987 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1987 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1987 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1987 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1987 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1987 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1987 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1987 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1987 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI  
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, the Indenture, if any, the Bonds or the Notes, if any.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, City Clerk and members of the the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

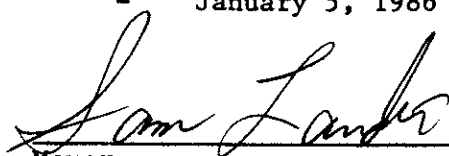
Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Grant County Press, a qualified newspaper published in the City of Petersburg, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At


such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - December 8, 1986

Passed on Second Reading - December 15, 1986

Passed on Final Reading  
Following Public  
Hearing - January 5, 1986

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF PETERSBURG on this 5th day of January, 1987.

[SEAL]

Edna M. Hanna  
Recorder

04/22/87  
PETER2-A



"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]



CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1987 A AND SERIES 1987 B OF THE CITY OF PETERSBURG; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the city council (the "Governing Body") of the City of Petersburg (the "Issuer"), has duly and officially enacted a bond and notes ordinance, effective January 5, 1987 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING SEWERAGE SYSTEM OF THE CITY OF PETERSBURG, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$900,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 A, NOT MORE THAN \$300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1987 B; AND NOT MORE THAN \$3,500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND

PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING  
OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$1,200,000, to be issued in two series, the Series 1987 A Bonds to be in an aggregate principal amount of not more than \$900,000 (the "Series 1987 A Bonds") and the Series 1987 B Bonds to be in an aggregate principal amount of not more than \$300,000 (the "Series 1987 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1987 A Bonds dated April 14, 1987, and a supplemental loan agreement relating to the Series 1987 B Bonds, also dated April 14, 1987 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be entered into and ratified by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF PETERSBURG:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

(A) The Sewer Revenue Bonds, Series 1987 A, of the Issuer, originally represented by a single Bond, numbered

AR-1, in the principal amount of \$650,306. The Series 1987 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1987, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1987 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$159,506. The Series 1987 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1987 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the forms provided in the Bond Ordinance.

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the

Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint The Grant County Bank, Petersburg, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1987 A Bond Proceeds in the amount of \$28,343 shall be deposited in the Series 1987 A Sinking Fund, as capitalized interest.

Section 8. Series 1987 A Bond proceeds in the amount of \$57,183 and Series 1987 B Bond proceeds in the amount of \$4,199 shall be deposited in the Series 1987 A Bonds Reserve Account and the Series 1987 B Bonds Reserve Account, respectively.

Section 9. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about April 23, 1987, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within

the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

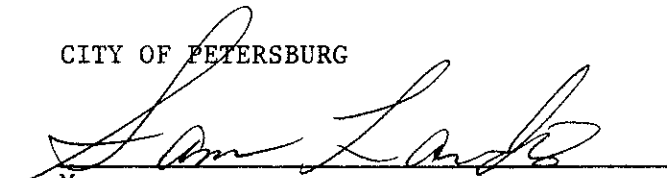
Section 13. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year 1987, being the calendar year in which the Bonds are to be issued.

Section 14. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 21st day of April, 1987.

CITY OF PETERSBURG

  
Mayor

04/22/87  
PETER1-D





WDA-5  
(October 1986)

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

CITY OF PETERSBURG

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W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985 (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

## ARTICLE I

### Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

1.3 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.4 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

1.6 "Local Statute" means the specific provisions of the Code of West Virginia, 1931, as amended, pursuant to which the Local Bonds are issued.

1.7 "Operating Expenses" means the reasonable, proper and necessary costs of operation and maintenance of the System, as hereinafter defined, as should normally and regularly be included as such under generally accepted accounting principles.

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.9 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

1.10 Additional terms and phrases are defined in this Loan Agreement as they are used.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as

their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

### ARTICLE III

#### Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

## ARTICLE IV

### Local Bonds; Security for Loan; Repayment of Loan; Interest on Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the reserve account established for the payment of debt service on the Local Bonds (the "Reserve Account") is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be



realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owner of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; and

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Local Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit A.

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan

shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

#### ARTICLE V

Certain Covenants of the Governmental Agency;  
Imposition and Collection of User Charges;  
Payments To Be Made by  
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably cove-

nants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

6.5 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the tax-exempt status of the Local Bonds.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached

hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement, and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Loan Agreement.

7.5 No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

7.6 This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

City of Petersburg

[Proper Name of Governmental Agency]

(SEAL)

By *Sam Ladd*  
Its Mayor

Attest:

Date: 4-14-87

*Edna M. Harman*  
Its Recorder

WEST VIRGINIA WATER  
DEVELOPMENT AUTHORITY

(SEAL)

By *Edgar W. Leary*  
Director

Attest:

Date: April 23, 1987

*Samuel B. Gubosky*  
Secretary-Treasurer

WDA-5X  
(October 1986)

SCHEDULE X  
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$650,306

Purchase Price of Local Bonds \$650,306

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to source of and security for payment with the following obligations: *NONE*

As of the date of the Loan Agreement, the Local Bonds are subordinated as to source of and security for payment to the following obligations: *NONE*



PETERSBURG  
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER  
----- 1986 SERIES A BONDS -----

PERIOD ENDING	10/1	COUPON PRIN.	INTEREST	SERVICE
1987	8.38		23,917.57	23,917.57
1988	8.38		54,495.73	54,495.73
1989	8.38	2,687	54,495.73	57,182.73
1990	8.38	2,912	54,270.56	57,182.56
1991	8.38	3,136	54,026.53	57,182.53
1992	8.38	3,420	53,762.06	57,182.06
1993	8.38	3,707	53,475.46	57,182.46
1994	8.38	4,017	53,164.82	57,181.82
1995	8.38	4,354	52,829.19	57,182.19
1996	8.38	4,719	52,463.33	57,182.33
1997	8.38	5,114	52,067.87	57,181.87
1998	8.38	5,543	51,639.32	57,182.32
1999	8.38	6,007	51,174.82	57,181.82
2000	8.38	6,511	50,671.43	57,182.43
2001	8.38	7,056	50,125.81	57,181.81
2002	8.38	7,648	49,534.52	57,182.52
2003	8.38	8,289	48,893.61	57,182.61
2004	8.38	8,983	48,199.00	57,182.00
2005	8.38	9,736	47,446.22	57,182.22
2006	8.38	10,552	46,630.34	57,182.34
2007	8.38	11,436	45,746.09	57,182.09
2008	8.38	12,394	44,787.75	57,181.75
2009	8.38	13,433	43,749.13	57,182.13
2010	8.38	14,559	42,623.45	57,182.45
2011	8.38	15,779	41,403.40	57,182.40
2012	8.38	17,101	40,081.12	57,182.12
2013	8.38	18,534	38,648.06	57,182.06
2014	8.38	20,087	37,094.91	57,181.91
2015	8.38	21,771	35,411.62	57,182.62
2016	8.38	23,595	33,587.21	57,182.21
2017	8.38	25,572	31,609.95	57,181.95
2018	8.38	27,715	29,467.01	57,182.01
2019	8.38	30,038	27,144.50	57,182.50
2020	8.38	32,555	24,627.31	57,182.31
2021	8.38	35,283	21,899.20	57,182.20
2022	8.38	38,240	18,942.49	57,182.49
2023	8.38	41,444	15,737.98	57,181.98
2024	8.38	44,917	12,264.97	57,181.97
2025	8.38	48,681	8,500.92	57,181.92
2026	8.38	52,761	4,421.46	57,182.46
		650,306	1,601,031.45	2,251,337.45

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and
- (v) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the

services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;

- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and
- (e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.



SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

CITY OF PETERSBURG

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct or is constructing such a water development project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement").

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a general resolution adopted by the Authority on May 22, 1985, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

## ARTICLE I

### Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.3 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Supplemental Bonds.

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues



of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to this Supplemental Loan Agreement.

1.6 Additional terms and phrases are defined in this Supplemental Loan Agreement as they are used.

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

## ARTICLE II

### The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Supplemental Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project

facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority in respect of the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Supplemental Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

2.7 The Governmental Agency shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract.

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or

mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

### ARTICLE III

#### Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Supplemental Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(d) The Governmental Agency shall have obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(f) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of

the Project as set forth in the Application, and the Authority shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Supplemental Loan shall be secured and shall be repaid in the manner hereinafter provided in this Supplemental Loan Agreement.

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority, simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

#### ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;  
Repayment of Supplemental Loan; No Interest on  
Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Local Bonds and on a parity with the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in any year (the "Reserve Requirement") or on the Supplemental Bonds in any year (the "Supplemental Reserve Requirement"), as the case may be, and any reserve account for any such prior or

parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Supplemental Bonds and parity bonds theretofore and then being issued and on the Local Bonds and any other obligations secured by or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal or interest on the Supplemental Bonds, the right to obtain the

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

(ix) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(x) That, to the extent legally allowable, the Governmental Agency will not grant any franchise to provide any services which would compete with the System;

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xiii) That, to the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto;

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

The Governmental Agency hereby represents and warrants that the Local Act has been or shall be duly adopted in



compliance with all necessary corporate and other action and in accordance with applicable provisions of law. All legal matters incident to the authorization, issuance, sale and delivery of the Supplemental Bonds shall be approved without qualification by recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit B.

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

#### ARTICLE V

Certain Covenants of the Governmental Agency;  
Imposition and Collection of User Charges;  
Payments To Be Made by  
Governmental Agency to the Authority

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed

and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

## ARTICLE VI

### Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Supplemental Loan.

## ARTICLE VII

### Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Supplemental Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Supplemental Loan Agreement.

7.2 Schedule X shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.3 If any provision of this Supplemental Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Supplemental Loan Agreement, and this Supplemental Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.4 This Supplemental Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Supplemental Loan Agreement.

7.5 No waiver by either party of any term or condition of this Supplemental Loan Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Supplemental Loan Agreement.

7.6 This Supplemental Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Supplemental Loan and constitutes the entire agreement between the parties hereto in respect thereof.

7.7 By execution and delivery of this Supplemental Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

(i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

(ii) termination by the Authority pursuant to Section 6.2 hereof; or

(iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

City of Petersburg  
[Proper Name of Governmental Agency]

(SEAL)

By *Sam L. [Signature]*  
Its Mayor

Attest:

Date: April 14, 1987

*Edna M. Hanner*  
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT  
AUTHORITY

(SEAL)

By *Edmund N. [Signature]*  
Director

Attest:

Date: April 23, 1987

*Daniel B. [Signature]*  
Secretary-Treasurer

WDA-Supp. 5X  
(November 1985)

SCHEDULE X  
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>159,506</u>
Purchase Price of Supplemental Bonds	\$ <u>159,506</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, other than the Local Bonds:

*NONE*

PETERSBURG  
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER  
----- 1986 SERIES A BONDS -----

PERIOD ENDING 10/1	ZERO COUPON BONDS
-----	-----
1987	.00
1988	.00
1989	4,197.50
1990	4,197.50
1991	4,197.50
1992	4,197.50
1993	4,197.50
1994	4,197.50
1995	4,197.50
1996	4,197.50
1997	4,197.50
1998	4,197.50
1999	4,197.50
2000	4,197.50
2001	4,197.50
2002	4,197.50
2003	4,197.50
2004	4,197.50
2005	4,197.50
2006	4,197.50
2007	4,197.50
2008	4,197.50
2009	4,197.50
2010	4,197.50
2011	4,197.50
2012	4,197.50
2013	4,197.50
2014	4,197.50
2015	4,197.50
2016	4,197.50
2017	4,197.50
2018	4,197.50
2019	4,197.50
2020	4,197.50
2021	4,197.50
2022	4,197.50
2023	4,197.50
2024	4,197.50
2025	4,197.50
2026	4,198.50
-----	-----

159,506.00

SCHEDULE Y  
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) as prescribed by the Loan Agreement, to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded



concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth ( $1/12$ ) of one-tenth ( $1/10$ ) of the amount necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

(vi) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

## SCHEDULE 2

### Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

### Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental

Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.



PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON

Entered: December 30, 1986

CASE NO. 86-296-S-CN

CITY OF PETERSBURG, a municipal corporation,  
Grant County.

Application for a certificate of convenience  
and necessity to construct a new sewage treatment  
plant and to improve existing sewer system at  
Petersburg and environs, Grant County.

FINAL ORDER

On June 2, 1986, the City of Petersburg, a municipal corporation, Grant County, filed a duly verified application for a certificate of convenience and necessity to construct a new 600,000 gpd secondary treatment plant to serve the City and limited environs. This project also seeks approval of improvements and additions to the sewer system including construction of sewers in an older section of the City currently using storm sewers as sanitary sewage collectors as well as for approval of improvements to a pump station and force main and the upgrading of sewer service in the northwest section of the City (Monarch Heights) so as to more completely serve the area.

In its application, the City of Petersburg estimated that construction will cost approximately \$3,550,000 and will be financed by Environmental Protection Agency funds covering approximately 55% of these costs. The Applicant further states that an application has been approved for an additional \$750,000 through the Housing and Urban Development Small Cities Grant Program, and a request has been made for state hardship funds to cover an additional portion of the 45% local share. It is additionally stated that a loan will be obtained through the Water Development

Authority for the local share, which can be as high as \$1,223,800. The exact amount of the WDA loan is to depend upon the final amount of the Small Cities money award and the outcome of the application and hardship funds.

Pursuant to West Virginia Code §24-2-11, the City of Petersburg, a municipal corporation, was directed by order of this Commission to give notice of the filing of this application by publishing a copy of the Commission's order of June 2, 1986, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in the City of Petersburg, Grant County, making due return to the Commission of proper certification of publication immediately after publication. Said order further provided that anyone desiring to object to this application must do so, in writing, within thirty (30) days after the publication of notice. It was further provided that if no protests were received, the Commission could waive formal hearing and grant the application based on the evidence submitted with the application and the Commission's review thereof. Publication was made as required and as of the date of this order, no protests have been received to the granting of this application.

Pursuant to standard Commission policy, the filing was submitted to the Commission's various operating divisions for their respective review and recommendations. A review of the case file indicates that Staff has made a thorough investigation of this application. During the course of its investigation, Staff requested of the Applicant, by means of data requests and otherwise, that it provide additional documentation and respond to the various data requests, which the Applicant did do.

Information provided with the application shows that the City of Petersburg (City) presently operates a wastewater treatment plant built in

1964 that has a design capacity of 300,000 gallons per day and treatment is at the primary level. The City's plant is one of the last facilities discharging into the South Branch of the Potomac River not treating effluent at secondary level. In addition, the City presently provides no sewer treatment to a number of residences in the Virginia Avenue and Davis Street areas of the City.

The present system exhibits serious deficiencies, as it is subject to significant sewer overflows and poor quality effluent from the treatment plant. When originally built, the sewer collection system combined both sewage and storm water which was transported to the treatment plant. As a number of new connections have been made in recent years, the excessive infiltration/inflow to the collection system has resulted in hydraulic overloading at the plant which causes raw sewage to be bypassed and discharged directly into the receiving stream. Due to its overloaded condition, the plant generally produces low quality effluent and poses a potential health hazard to the population and helps to downgrade the quality of the receiving streams.

The proposed plant calls for a 600,000 gallon per day secondary treatment facility employing the oxidation ditch treatment process. The entire plant, including the new effluent pumping station is sited and designed to provide protection at the 100 year flood level. Unserved areas of the City will also be provided with new sanitary collection lines to alleviate that source of pollution.

As noted above, Staff made a number of information requests from the Applicant, in formulating and making the recommendations in this proceeding. Staff's position is contained in its Joint Staff Final Recommendations, contained in a memorandum dated December 22, 1986, from Staff

Attorney Mary C. Wright. Ms. Wright notes that the City passed sewer rates on October 6, 1986, effective November 19, 1986, without protest, which appeared to be reasonable to Staff and will provide adequate funding for the project. Staff Utility Financial Analyst Brian Donat has reviewed the information submitted and takes the position that this project is feasible. The need for this project is unquestioned and the proposed facilities will adequately meet the needs of this situation.

Staff has also confirmed that project costs have been formalized with the acceptance of bids. The total project cost will amount to \$4,208,000, which includes a contingency of \$187,235. Funding for the project will come from four sources. There is an EPA Grant committed in the amount of \$2,529,240, a Small Cities Block Grant of \$750,000, FEMA flood damage funds of \$147,000 for the treatment plant and \$90,522 for the collection system and a WDA bond issue in the amount of \$839,352. Confirmation from these sources has been received, except that WDA apparently is withholding final commitment until approval is obtained from this Commission. The Grant County Bank has also indicated that should interim financing be necessary, it will loan up to \$500,000 to the City if requested. The file also contains evidence that the City has obtained its NPDES permit from the West Virginia Department of Natural Resources.

#### COMMENTS

A review of the matters contained in this case file clearly shows the City of Petersburg has not complied with West Virginia Code §24-2-11 in that it began construction of this project prior to receiving Commission approval as well as prior to the placement of rates into effect which would support this construction. This Hearing Examiner believes that the



City of Petersburg should now be put on notice that it will be expected to comply with appropriate statutes as well as rules and regulations of the Public Service Commission. Future violations of this sort could place Commission approval of any new projects in jeopardy. The City should view advice given to it with this in mind.

#### FINDINGS OF FACT

1. On June 2, 1986, the City of Petersburg, a municipal corporation, Grant County, filed an application for a certificate of convenience and necessity to construct a new 600,000 gpd secondary treatment plant to serve the City as well as to improve its pump station and force main, upgrade sewers in its northwest (Monarch Heights) area and construct a collection system in an older section of the City currently served by storm sewers.

2. The total project cost is expected to be \$4,208,000, which includes a contingency of \$187,235.

3. The project will be financed by an EPA Grant of \$2,529,240; Small Cities Block Grant of \$750,000; FEMA flood damage funds of \$230,522; and, a WDA bond issue in the amount of \$839,352. Interim financing, if necessary, will be provided up to \$500,000 by the Grant County Bank.

4. The Applicant herein will utilize rates and charges which are in effect and were passed by duly enacted municipal ordinance.

5. The Applicant herein has obtained necessary permits and approval from other regulatory bodies.

6. This project will allow the City of Petersburg to provide sanitary sewer service to residents currently unserved as well as to upgrade its overall treatment to a secondary level and reduce the

potential for health hazards as well as reduce the degradation of the receiving streams.

7. The Applicant has submitted an affidavit of publication indicating that the publication requirements of West Virginia Code §24-2-11 have been met. As of the date of this order, no written protests to the granting of this application have been received.

8. Staff recommends approval of this project without hearing as there are no issues which would necessitate a hearing or further delay.

9. Information provided by the Applicant, pursuant to a Staff Data Request, shows that construction actually began on September 15, 1986. This is prior to formal approval of this project by this Commission, which is mandated by West Virginia Code §24-2-11 and in addition, construction was started before rates adequate to pay for this project were in place.

#### CONCLUSIONS OF LAW

Based upon a review of the application and of all information contained in the case file, the Hearing Examiner is of the opinion, finds and concludes:

1. That there exists a public need for the proposed replacement of the existing sanitary sewer treatment facility serving the City of Petersburg with a 600,000 gpd secondary treatment plant, as well as for improvements to its system and provision of sanitary sewer service to residents of the City not now served, in the City of Petersburg and environs, Grant County.

2. That the public convenience and necessity will best be served by the issuance of a certificate of convenience and necessity to the Applicant for the proposed project.

3. That the Applicant has provided adequate and proper notice to the public of this application and no protests have been received to the granting of this application.

4. That the proposed financing for this project is reasonable, committed and should be approved.

5. That good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11.

6. That the issuance of the certificate of convenience and necessity should be valid for this project as proposed and any substantial changes in the scope of this project, construction costs and/or funding once funding is received, will require further Commission approval.

#### ORDER

IT IS, THEREFORE, ORDERED:

1. That formal hearing on this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remains no outstanding issues to be litigated.

2. That the proposed financing for this project be approved.

3. That a certificate of convenience and necessity be, and it hereby is, granted to the City of Petersburg, a municipal corporation, to construct a new 600,000 gpd secondary treatment plant to serve the City and limited environs; and to make improvements and additions to its system including the construction of sewers in an older section of the City, currently served by storm sewers; to construct improvements to a pump station and force main; and, the upgrading of sewer service in the north-west section of the City (Monarch Heights) so as to provide sanitary sewer

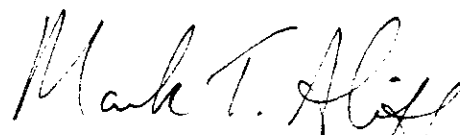
treatment facilities to this area, as the same has been set forth in its application.

4. That if any substantial changes in the scope of this project, construction costs and/or funding become necessary after construction bids are taken and funding received, the Applicant shall apply to the Commission for approval of the same.

5. That the Executive Secretary of the Commission shall serve a copy of this order upon the Applicant by United States Certified Mail, return receipt requested, and upon the Commission Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Hearing Examiners as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Hearing Examiners to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

  
Mark T. Aliff  
Hearing Examiner

MTA:mal



CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and SAMUEL L. LANDIS, Mayor of the City of Petersburg (the "Issuer"), hereby certify as follows:

1. On the 23rd day of April, 1987, the Authority received the entire original issue of \$809,812 in aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated April 23, 1987, the Series 1987 A Bond being in the principal amount of \$650,306 and the Series 1987 B Bond being in the principal amount of \$159,506.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Samuel L. Landis, as Mayor of the Issuer, by his manual signature, and by Edna Harman, as Recorder of the Issuer, by her manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1987 A Bonds in the aggregate amount of \$650,306 and proceeds of the Series 1987 B Bonds in the aggregate principal amount of \$159,506, there being no interest accrued thereon.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CITY OF PETERSBURG has caused this receipt to be executed by its Mayor, as of this 23rd day of April, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky  
Secretary-Treasurer

CITY OF PETERSBURG

By Sam Lake  
Mayor

04/22/87  
PETER1-E





CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, N.A.  
Charleston,  
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the City of Petersburg Sewer Revenue Bonds, Series 1987 A, in the principal amount of \$650,306 and Bond No. BR-1, constituting the entire original issue of the City of Petersburg Sewer Revenue Bonds, Series 1987 B, in the principal amount of \$159,506 both dated April 23, 1987 (collectively, the "Bonds"), executed by the Mayor and Recorder of the City of Petersburg (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Ordinance and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated April 14, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

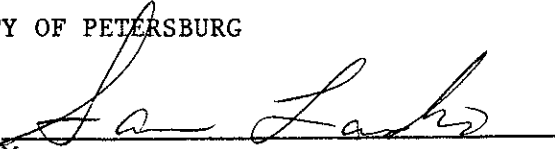
(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$809,812, representing the agreed aggregate purchase price of the Series 1987 A Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause

the Bonds to be authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 23rd day of April, 1987.

CITY OF PETERSBURG

By   
Mayor

04/22/87  
PETER1-F



(SPECIMEN - SERIES 1987 A Bond)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PETERSBURG  
SEWER REVENUE BOND, SERIES 1987 A

No. AR-1

\$650,306

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PETERSBURG, a municipal corporation of the State of West Virginia in Grant County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SIX HUNDRED FIFTY THOUSAND THREE HUNDRED SIX DOLLARS (\$650,306), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1987. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated April 14, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment,

collection and transportation facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on the 5th day of January, 1987, and the 21st day of April, 1987 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1987 B, of the Issuer (the "Series 1987 B Bonds"), issued in the aggregate principal amount of \$159,506, which Series 1987 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1987 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1987 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1987 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1987 B Bonds,

provided however, that so long as there exists in the Series 1987 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1987 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1987 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a

part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF PETERSBURG has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated April 23, 1987.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 23, 1987

KANAWHA VALLEY BANK, N.A.,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer



PETERSEBURG  
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER  
----- 1986 SERIES A BONDS -----

PERIOD ENDING 10/1	COUPON PRIN.	INTEREST	SERVICE
1987	8.38	23,917.57	23,917.57
1988	8.38	54,495.73	54,495.73
1989	8.38	2,687	54,495.73
1990	8.38	2,912	57,182.73
1991	8.38	3,156	57,182.56
1992	8.38	3,420	57,182.53
1993	8.38	3,707	57,182.06
1994	8.38	4,017	57,182.46
1995	8.38	4,354	57,181.82
1996	8.38	4,719	57,182.19
1997	8.38	5,114	57,182.33
1998	8.38	5,543	57,181.87
1999	8.38	6,007	57,182.32
2000	8.38	6,511	57,181.82
2001	8.38	7,056	57,182.43
2002	8.38	7,648	57,181.81
2003	8.38	8,289	57,182.52
2004	8.38	8,983	57,182.61
2005	8.38	9,736	57,182.00
2006	8.38	10,552	57,182.22
2007	8.38	11,436	57,182.34
2008	8.38	12,394	57,182.09
2009	8.38	13,433	57,182.75
2010	8.38	14,557	57,182.13
2011	8.38	15,779	57,182.45
2012	8.38	17,101	57,182.40
2013	8.38	18,534	57,182.12
2014	8.38	20,087	57,182.06
2015	8.38	21,771	57,181.91
2016	8.38	23,595	57,182.62
2017	8.38	25,572	57,182.21
2018	8.38	27,715	57,181.95
2019	8.38	30,038	57,182.01
2020	8.38	32,555	57,182.50
2021	8.38	35,283	57,182.31
2022	8.38	38,240	57,182.20
2023	8.38	41,444	57,182.49
2024	8.38	44,917	57,181.98
2025	8.38	48,681	57,181.97
2026	8.38	52,761	57,181.92
		4,421.46	57,182.46
	650,306	1,601,031.45	2,251,337.45

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_  
04/30/87  
PETER1-V



(SPECIMEN - SERIES 1987 B BOND)

UNITED STATES OF AMERICA  
STATE OF WEST VIRGINIA  
CITY OF PETERSBURG  
SEWER REVENUE BOND, SERIES 1987 B

No. BR-1

\$159,506

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF PETERSBURG, a municipal corporation of the State of West Virginia in Grant County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE HUNDRED FIFTY-NINE THOUSAND FIVE HUNDRED SIX DOLLARS (\$159,506), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated April 14, 1987.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on the 5th day of January, 1987, and the 21st day of April, 1987 (collectively called the "Bond Legislation"), and is

subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1987 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1987 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1987 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1987 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1987 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1987 B Bonds Reserve Account and the reserve account established for the Series 1987 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1987 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only

upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1987 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1987 A, OF THE ISSUER IN THE AGGREGATE PRINCIPAL AMOUNT OF \$650,306 (THE "SERIES 1987 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the CITY OF PETERSBURG has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated April 23, 1987.

[SEAL]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1987 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 23, 1987

KANAWHA VALLEY BANK, N.A.,  
as Registrar

By \_\_\_\_\_  
Its Authorized Officer



PETERSEBURG  
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER  
----- 1986 SERIES A BONDS -----

PERIOD ENDING 10/1	ZERO COUPON BONDS
1987	.00
1988	.00
1989	4,197.50
1990	4,197.50
1991	4,197.50
1992	4,197.50
1993	4,197.50
1994	4,197.50
1995	4,197.50
1996	4,197.50
1997	4,197.50
1998	4,197.50
1999	4,197.50
2000	4,197.50
2001	4,197.50
2002	4,197.50
2003	4,197.50
2004	4,197.50
2005	4,197.50
2006	4,197.50
2007	4,197.50
2008	4,197.50
2009	4,197.50
2010	4,197.50
2011	4,197.50
2012	4,197.50
2013	4,197.50
2014	4,197.50
2015	4,197.50
2016	4,197.50
2017	4,197.50
2018	4,197.50
2019	4,197.50
2020	4,197.50
2021	4,197.50
2022	4,197.50
2023	4,197.50
2024	4,197.50
2025	4,197.50
2026	4,198.50

-----  
159,506.00

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
In the presence of:

\_\_\_\_\_  
04/22/87  
PETER1-W



# STEPTOE & JOHNSON

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STEVEN P. MCGOWAN  
MARTIN R. SMITH, JR.  
W. RANDOLPH FIFE

OF COUNSEL

ROBERT W. LAWSON, JR.

April 23, 1987

WRITER'S DIRECT DIAL NUMBER

## City of Petersburg Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Petersburg (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of \$650,306 Sewer Revenue Bonds, Series 1987 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated April 14, 1987, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1987, at the rate of 8.38% per annum, and with principal installments payable on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new

sewerage facilities of the Issuer (the "Project") (ii) paying interest on the Local Bonds during the construction of the Project, (iii) funding a reserve account for the Local Bonds; (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Governmental Agency on January 5, 1987, as supplemented by a supplemental resolution adopted April 21, 1987 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and

corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income adjusted current earnings for taxable Years ending after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Local Bonds are, under the Local Statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Local Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

  
STEPTOE & JOHNSON

04/22/87  
PETER1-G



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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OF COUNSEL  
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

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RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
LOUIS E. ENDERLE  
ROBERT J. SCHIAVONI

April 23, 1987

### City of Petersburg Sewer Revenue Bonds, Series 1987 B

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Petersburg (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia of \$159,506 Sewer Revenue Bonds, Series 1987 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated April 14, 1987, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated April 14, 1987, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1987 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.



The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new sewerage facilities of the Issuer (the "Project"), (ii) funding a reserve account for the Supplemental Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond resolution duly adopted by the Governmental Agency on January 5, 1987, as supplemented by a supplemental resolution adopted April 21, 1987 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, junior and subordinate only

to that created for the Local Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

5. The Issuer has reserved the right to issue additional bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

6. The Supplemental Bonds are, under the Local Statute, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Supplemental Bond numbered BR-1, and in our opinion the form of such bond and its execution and authentication are regular and proper.

Very truly yours,

  
STEPTOE & JOHNSON

04/22/87  
PETER1-H



# STEPTOE & JOHNSON

ATTORNEYS AT LAW

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W. RANDOLPH FIFE

OF COUNSEL  
ROBERT W. LAWSON, JR.

WRITER'S DIRECT DIAL NUMBER

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LOUIS E. ENDERLE  
ROBERT J. SCHIAVONI

April 23, 1987

### City of Petersburg Sewer Revenue Bonds, Series 1987 A

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$650,306 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A (the "Local Bonds"), of the City of Petersburg (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code") to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

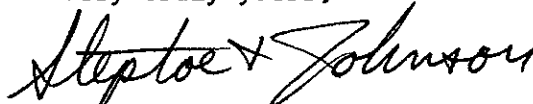
Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate of Arbitrage that proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

West Virginia Water Development Authority

Page 2

In the Certificate as to Arbitrage, the Issuer represented that (i) the Issuer has general taxing powers to finance operations of or facilities of the nature of the Project; (ii) the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt bonds during the calendar year 1987, being the calendar year in which the Bonds were issued; and (iii) the Issuer has issued no other tax-exempt bonds during such calendar year. We express no opinion herein as to the taxability of the interest on the Local Bonds in the event of the failure to comply with the other requirements and restrictions of Section 148 of the Code, and any regulations promulgated thereunder.

Very truly yours,



STEPTOE & JOHNSON

05/15/87

PETER1-I



DUKE A. McDANIEL  
Attorney at Law  
P. O. Box 417  
304 VIRGINIA AVENUE  
PETERSBURG, WEST VIRGINIA 26847  
TELEPHONE 304 257-4377

April 23, 1987

West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, West Virginia 25064

Steptoe & Johnson  
P. O. Box 2190  
Clarksburg, West Virginia 26301

RE: City of Petersburg  
Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

Gentlemen:

I am counsel to the City of Petersburg, in Grant County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated April 14, 1987, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer in accordance with its terms.

Page 2

April 23, 1987

2. The mayor and members of the town council of the Issuer have been duly and properly elected, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

3. The Local Act has been duly enacted and adopted by the Issuer and is in full force and effect.

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under any agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including without limitation the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The respective times for appeal of such rate ordinance and orders and approvals of the Public Service Commission of West Virginia have expired prior to the date hereof without any appeal.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, construction of the Project, operation of the System, or the validity of the Bonds or the collection or pledge of the Net Revenues therefor.



Page 3  
April 23, 1987

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

DUKE A. MCDANIEL

BY  \_\_\_\_\_

DAM:tk



CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. GRANTS
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND  
AND NOTES ORDINANCE
16. PRIVATE USE OF FACILITIES
17. SPECIMEN BONDS

We, the undersigned MAYOR and the undersigned RECORDER of the City of Petersburg in Grant County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$809,812 aggregate principal amount of the City of Petersburg Sewer Revenue Bonds, Series 1987 A and Series 1987 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Ordinance of the Issuer enacted January 5, 1987, and a Supplemental Resolution adopted April 21, 1987 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or the Gross Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants or any proceedings of the Issuer taken with respect to the issuance or sale of the

Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. There are no outstanding debt obligations of the Issuer, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Charter of the City of Petersburg.

Ordinance Establishing Sanitary Board.

Bond and Notes Ordinance.

Supplemental Resolution.

Rate Ordinance.

Affidavit of Publication of Abstract of  
Bond and Notes Ordinance and Notice of Hearing.

Affidavit of Publication of Rate Ordinance  
and Notice of Public Hearing.

Minutes on Enactment of Bond and Notes  
Ordinance and Adoption of Supplemental  
Resolution.

Loan Agreement.

EPA Grant Agreement and Part B Amendment

FEMA Grant Agreement.

West Virginia Small Cities Block Grant  
Agreement.

Public Service Commission Order entered  
December 30, 1986.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Petersburg" and it is a municipal corporation in Grant County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council consisting of a Mayor and 5 members whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Samuel L. Landis - Mayor	July 1, 1985	June 30, 1987
Jack C. Groves - Councilmember	July 1, 1985	June 30, 1987
Gillie R. Dodd - Councilmember	July 1, 1986	June 30, 1987
George D. Six - Councilmember	February 1, 1986	June 30, 1987
Albert K. Alt - Councilmember	July 1, 1985	June 30, 1987
Roger W. Lewis - Councilmember	July 1, 1985	June 30, 1987

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	Samuel L. Landis
Member	William Pallavicini, P.E.
Member	Bryon Hause

The duly appointed and acting Recorder is Edna Harman.  
The duly appointed and acting counsel to the Issuer is Duke A. McDaniel, Petersburg, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS: As of the date hereof, the EPA Grant in the amount of \$2,529,240, the FEMA Grant in the amount of \$230,410 and the West Virginia Small Cities Block Grant in the amount of \$750,000 are committed and in force and effect.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Issuer has duly enacted an Ordinance on March 13, 1986, setting rates and charges for the services of the System. Such ordinance is presently in full force and effect, the period for appeal of such ordinance has expired and there has been no appeal thereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, all dated April 23, 1987, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be imprinted upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Series 1987 A Bonds, being \$650,306 (100% of par value), there being no interest accrued thereon. Proceeds of the Series 1987 B Bonds in the amount of \$159,506 are expected to be received in approximately 60 days.

15. PUBLICATION AND PUBLIC HEARING ON BOND AND NOTES ORDINANCE: Upon adoption of the Bond and Notes Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in a newspaper published and of general circulation in the City of Petersburg, together with a notice to all persons concerned, stating that the Bond and Notes Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 5th day of January, 1987, at 7:00 p.m., in the Council Chambers of the City Hall of the City of Petersburg and present protests, and stating that a certified copy of the Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Governing Body and the Bond and Notes Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

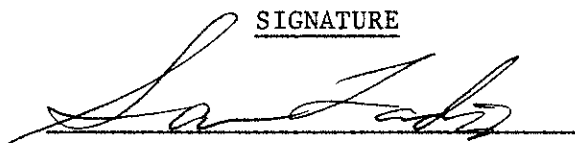
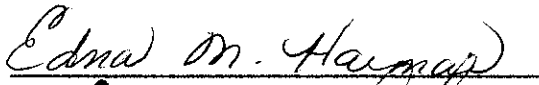
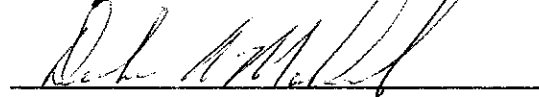
16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986.

17. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.



WITNESS our signatures and the official seal of the CITY  
OF PETERSBURG on this 23rd day of April, 1987.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
	Mayor
	Recorder
	Counsel to Issuer

04/22/87  
PETER1-K

General Certificate is subject to Exhibit A which  
is attached to this opinion.

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY FOR  
THE CITY OF PETERSBURG

EXHIBIT A:

The right of way agreement signed by William G. VanMeter and the City of Petesburg has the express condition and language, which is as follows: "that no connection may be made to this sewer line either directly or indirectly through any of the extension thereof to any property which lies outside of the boundary of the Municipal Corporation of the City of Petersburg. Any individual property owner desiring to make connections to this sewer, or to its extension, shall be required to first place their real estate within the corporate limits of the City of Petersburg at which time they may connect their sewer running from their real estate to this particular sewer under the rules and regulations set out by the City."

It is my opinion that if the City does not comply with all of the terms and conditions of the agreement it shall immediately cause a forfeiture of all rights obtained under the right of way granted with a reversionary provision to the Grantor, William G. VanMeter, his heirs and assigns, without further operation of law. The Grantors have reserved the right to specifically waive in writing any restrictions contained in the agreement.

The writer of this opinion by correspondence dated January 28, 1987, has advised the City of Petersburg of the provision contained in the easement.



CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A

CERTIFICATE AS TO ARBITRAGE

I, Samuel L. Landis, Mayor of the City of Petersburg, in Grant County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$650,306 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A, of the Issuer, dated April 23, 1987 (the "Local Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986 and regulations promulgated thereunder (the "Code"). I am one of the officers of the Issuer charged with the responsibility of issuing the Local Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the Internal Revenue Service because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 23, 1987, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the resolution pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds were sold on April 23, 1987, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$650,306 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain new sewerage facilities (the "Project"), capitalizing interest on and funding a reserve account for the Local Bonds and paying costs of issuance thereof.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Local Bonds, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before December 1, 1987. Construction of the Project is expected to be completed by November 1, 1987.

9. The total cost of the Project is estimated at \$4,218,837. Sources of funding for the Project are as follows:

EPA Grant	\$2,529,240
Other Grants	980,410
Net proceeds of Series A and Series B Bonds (Gross Proceeds less \$100,625 costs of financing, including \$28,343 capitalized interest and \$61,382 funded reserve)	<u>709,187</u>
Total	<u><u>\$4,218,837</u></u>

The amount of Project costs not expected to be reimbursed or paid from grants or Series 1987 B Bonds proceeds is estimated to be at least \$809,812. Except for the proceeds of the Local Bonds, the Series 1987 B Bonds, and the Grants, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;

(4) Series 1987 A Bonds Sinking Fund, and within the Series 1987 A Bonds Sinking Fund the Series 1987 A Bonds Reserve Account; and

(5) Series 1987 B Bonds Sinking Fund, and within the Series 1987 B Bonds Sinking Fund the Series 1987 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Local Bonds (and the Series 1987 B Bonds described in the Local Act, which bear no interest) will be deposited as follows:

(1) Local Bonds proceeds in the amount of \$28,343 will be deposited in the Series 1987 A Bonds Sinking Fund to pay interest on the Series 1987 A Bonds for a period of approximately 6 months.

(2) Local Bonds proceeds in the amount of \$37,610 will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

(3) The balance of the proceeds of the Local Bonds and the Series 1987 B Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Local Bonds and related costs.

12. All moneys in the Series 1987 A Bonds Sinking Fund (with the exception of investment earnings thereon) will be held for the payment of the interest to accrue on the Local Bonds on or prior to the maturity thereof. Moneys held in the Series 1987 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1987 A Bonds Sinking Fund and Series 1987 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the

next ensuing interest payment, if any, due on the Series 1987 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1987 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties.

14. The Issuer expects to enter into a contract within 6 months of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 6 months.

16. All of the proceeds from the sale of the Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by December 1, 1987.

17. The Issuer does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Bonds.

18. The Issuer will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

19. The Issuer expects that no part of the Project financed by the Local Bonds will be sold or otherwise disposed of prior to the last maturity date of the Local Bonds.

20. With the exception of the amounts deposited in the Series 1987 A Bonds Sinking Fund for payment of interest on the Local Bonds, all of the proceeds of the Local Bonds will be expended on the Project within 13 months from the date of issuance thereof.

21. Any money deposited in the Series 1987 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1987 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

22. The Issuer covenants and agrees to comply with the rebate requirements of the Code, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Local Bonds.

23. Steptoe & Johnson is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Local Bonds.

24. The original proceeds of the Local Bonds will not exceed the amount necessary for the purposes of the issue.

25. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

IN WITNESS WHEREOF, I have set my hand this 23th day of April, 1987.

CITY OF PETERSBURG

By

  
Mayor

04/21/87  
PETER1-L





CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

ENGINEER'S CERTIFICATE

I, Ernest M. Jennelle, Registered Professional Engineer, West Virginia License No. 7034 of Dewberry & Davis, consulting engineers, of Fairfax, Virginia hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain municipal sewerage facilities (the "Project") for the City of Petersburg in Grant County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency (EPA), the United States Federal Emergency Management Agency (FEMA) and the State of West Virginia (Small Cities Block Grant).

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the WDA and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the City of Petersburg; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and my firm will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan

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Agreement by and between WDA and the Issuer; and (viii) the net proceeds of the Bonds, together with the proceeds of grants irrevocably committed therefor and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to WDA on the date of the Loan Agreement.

1987. WITNESS my signature on this 23<sup>rd</sup> day of April.

DEWBERRY & DAVIS

By Ernest M. Jewelle

02/18/87  
PETER1-R



Lucille S. Gohdes, CPA  
Rosalie E. Thomas, CPA

**GOHDES & THOMAS**  
Certified Public Accountants  
401 Maple Avenue - P.O. Box 655  
MOOREFIELD, W. VA. 26836  
(304) 538-2035

April 23, 1987

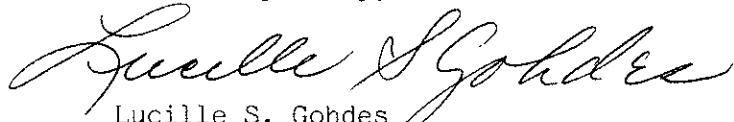
West Virginia Water Development Authority  
1201 Dunbar Avenue  
Dunbar, WV 25065

Re: City of Petersburg  
Sewer Revenue Bonds  
Series 1987 A and Series 1987 B

Gentlemen:

Based upon the rates and charges as set forth in an ordinance of the City of Petersburg enacted March 13, 1987, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Dewberry and Davis, consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the City of Petersburg, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1987 A and Series 1987 B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Bonds.

Yours very truly,

  
Lucille S. Gohdes

lsg/s



Certificate of Incorporation

At a regular term of Circuit Court held for the County of Grant, at the Court House thereof, in Petersburg, on the 14th day of July, 1910, on the common law side of said Court,

"A certificate under oath of B. S. Baker, George H. Judy and Jacob P. Shobe was this day filed showing that a majority of all the qualified voters residing in the following boundaries to-wit:

Beginning at a stake on the east side of the road leading to Moorefield; thence, N.  $10\frac{1}{2}$  W. 89 poles to a stake, thence N. 31 W.  $40\frac{1}{10}$  poles to a large elm in a line of Tom Melton, thence with a line of Melton S. 84 W. 74 poles to a stake, thence with another line of Melton N. 52 W.  $40\frac{1}{2}$  poles to a gate post on the west side of a road leading to Tom Melton's, thence down said road following the west bank N. 1 W. 37 poles to the edge of a high bank, thence with said bank N. 67 W. 26 poles, thence N. 72 W. 20 poles to a high slate point north of a gulley leading to the Creek, thence S.  $70\frac{1}{2}$  W. 32 poles to a fence post on the south side of the Petersburg and Keyser Turnpike, thence with a line of Hendrickson and Grover S. 56 poles to where Hendrickson's cross fence comes to said line, thence leaving said line, thence S.  $12\frac{1}{2}$  W. 128 poles to a stone pile at the north end of the road gate to the mill race, thence same course and distance further to a large willow, then S.  $46\frac{1}{2}$  E. 115 poles to a fence post on the east side of the pile at a fall in the road north of the river bridge, thence S.  $83\frac{1}{2}$  E. 118.

to a walnut about two rods east of the mill race, thence N. 87 E. 123 rods to the beginning, containing 373 acres or 73 square rods. All of said territory lying in said County of Grant and district of Milroy, have been given in due form of law in favor of the incorporation of the "Town of Petersburg" in the County of Grant, bounded as herein set forth.

- And it appearing to the satisfaction of the Court that all of the provisions of Chapter 47, of the Code of West Virginia have been complied with by the application for said incorporation, and said town of Petersburg, by the name of the town of Petersburg, is duly authorized within the corporate limits aforesaid to exercise all the corporate powers conferred by the said chapter from and after the date of this certificate.

In witness whereof I hereunto subscribe my name and affix the seal of the Circuit Court of Grant County, West Virginia this 14th day of July A.D. 1910.

D. P. Hunduckman,

Clerk Circuit Court, Grant Co.  
W. Va.



We the commissioners of election held for the election of officers for the Town of Petersburg, do hereby certify that,

R. W. Boker, received 78 votes for Mayor and is declared elected.

W. E. Hiler, received 55 votes for Recorder and is declared elected.

W. A. Erwin, received 50 votes for Councilman and is declared elected.

Frank Beathard, received 47 votes for



Councilman, and is declared elected.

C. W. Shobe, received 40 votes for Councilman and is declared elected.

Cal Ours, received 45 votes for Councilman and is declared elected.

Jos. B. Grov, received 40 votes for Councilman and is declared elected.

Given under our hands this 20 day of August, 1910,

Commissioners of election, { B. S. Boker.  
Wm B. Hill.  
Geo. A. Judy.

August 22, 1910.

The following officers elect. of the Town of Petersburg met and qualified as follows.

We and each of us do solemnly swear that we will support the Constitution of the State of West Virginia and that we will faithfully discharge the duties of our respective offices to the best of our skill and judgment. So help me God.

Subscribed and sworn to before me this 22d day of August, 1910.

E. M. Johnson  
Notary Public.

R. W. Baker Mayor,  
W. E. Hill, Recorder,  
W. A. Kevin  
Frank Breathed  
Chas W Shobe  
Cal Ours  
John B Grove } Councilman

There being no other business the Council adjourned to meet August 23, 1910, at 8 o'clock P.M.

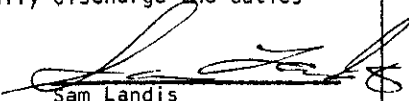
R. W. Baker Mayor,  
W. E. Hill Recorder.



OATH OF OFFICE FOR CITY OFFICERS ELECTED IN THE CITY ELECTION HELD MAY 7, 1985

MAYOR

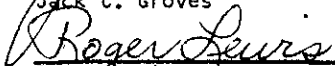
I, Sam Landis, do solemnly swear that I will uphold and defend the Constitution of the United States and of the State of West Virginia and that I will to the best of my ability, well and faithfully discharge the duties of Mayor of the City of Petersburg.

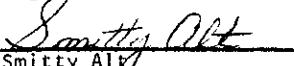
  
Sam Landis

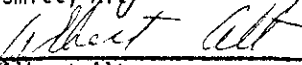
COUNCILMEN

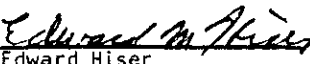
We, Jack C. Groves, Roger Lewis, Smitty Alt, Albert Alt, and Edward Hiser do solemnly swera that we will uphold and defend the Constitution of the United States and of the State of West Virginia and that we will to the best of our abilities, well and faithfully discharge the duties of Councilmen of the City of Petersburg.

  
Jack C. Groves

  
Roger Lewis

  
Smitty Alt

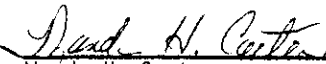
  
Albert Alt

  
Edward Hiser

State of West Virginia,  
County of Grant, To Wit:

I, the undersigned, Wanda H. Carter, Grant County Magistrate do certify that I have this date administered the foregoing oaths to the duly elected Mayor and Councilmen for the City of Petersburg.

Given under my hand this 1st day of July, 1985.

  
Wanda H. Carter  
Grant County Magistrate

OATH OF OFFICE FOR CITY COUNCILMAN--MARCH 3, 1986


I, George Six, do solemnly swear that I will uphold and defend the Constitution of the United States and of the State of West Virginia and that I will to the best of my ability, well and faithfully discharge the duties of Councilman of the City of Petersburg.

  
GEORGE SIX

STATE OF WEST VIRGINIA,  
COUNTY OF GRANT, TO WIT:

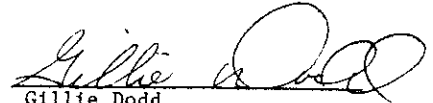
I, the undersigned, Wanda H. Carter, Magistrate of Grant County, do certify that I have this date administered the foregoing oath to the duly appointed councilman for the City of Petersburg.

Given under my hand this 3rd day of March, 1986.

  
WANDA H. CARTER  
MAGISTRATE - GRANT COUNTY

OATH OF OFFICE FOR CITY COUNCILMAN--JULY 7, 1986

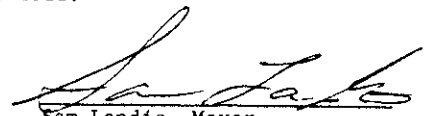
I, Gillie Dodd, do solemnly swear that I will uphold and defend the Constitution of the United States and of the State of West Virginia and that I will to best of my ability, well and faithfully discharge the duties of Councilman of the City of Petersburg.

  
Gillie Dodd

STATE OF WEST VIRGINIA,  
COUNTY OF GRANT, TO WIT:

I, the undersigned, Sam Landis, Mayor of the City of Petersburg, do certify that I have this date administered the foregoing oath to the duly appointed councilman for the City of Petersburg.

Given under my hand this 7th day of July 1986.

  
Sam Landis, Mayor  
CITY OF PETERSBURG

OATH OF OFFICE FOR CITY RECORDER ELECTED IN THE CITY ELECTION  
HELD MAY 7, 1985

I, Edna Harman, do solemnly swear that I will uphold and defend the Constitution of the United States and of the State of West Virginia and that I will to the best of my ability, well and faithfully discharge the duties of Recorder for the City of Petersburg.

Edna Harman

Edna Harman

State of West Virginia,  
County of Grant, To Wit:

I, the undersigned Wanda H. Carter, Grant County Magistrate do certify that I have this date administered the foregoing oath to the duly elected Recorder for the City of Petersburg.

Given under my hand this 28th day of June, 1985.

Wanda H. Carter

Wanda H. Carter  
Grant County Magistrate



CITY OF PETERSBURG

ORDINANCE CREATING A SANITARY BOARD  
OF THE CITY OF PETERSBURG

WHEREAS, the City of Petersburg contemplates the issuance of Sewer Revenue Bonds to finance the acquisition and construction of additions, betterments and improvements for its existing sanitary sewerage system (the "System"), and further additions, extensions and improvements thereto, pursuant to Article 13 of Chapter 16 of the Official West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a Sanitary Board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE CITY COUNCIL OF THE CITY OF PETERSBURG AS FOLLOWS:

Section 1. That the Council of the City of Petersburg does hereby create and establish a Sanitary Board, with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the City of Petersburg, and two persons appointed by the Council, one of whom, during the construction period of any sewerage facilities, must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. Said appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the City of Petersburg, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice



chairman from among its members, and a secretary and treasurer, who may be the same person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of \$2,000 for the proper application of all money received by him as treasurer of the Board, and otherwise conditioned according to law.

Section 4. Compensation and Expenses of Board Members.

The members of the Sanitary Board as such shall be paid no compensation. All members of the Board shall be reimbursed from sewage works funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the town for any salary or expenses so incurred.

Section 5. Powers, Duties and Limitations. A. The

Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the City of Petersburg.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by this chapter and under and by virtue of Article 13, of Chapter 16, of the Code of West Virginia, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of said Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the Board or the town beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of \$1,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.


E. After the construction, installation and completion of such works the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by said Article 13, or which may be granted to it by amendments to said Article 13, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this chapter shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia.


Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Bonding of Employees Who Handle Money. The Sanitary Board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The Board shall require all persons who collect or otherwise handle funds of the Board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Recorder

First Reading: 11/24/86

Enacted on Second Reading: 12/1/86

11/04/86  
PETER1-A



PETITION

The Sanitary Board of the City of Petersburg, on motion duly passed at its meeting on the 8th day of December, 1986, respectfully petitions the Council of the City of Petersburg to enact an ordinance directing that sewer revenue bonds of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, in an aggregate amount not to exceed \$1,200,000 (and providing for the optional issuance of not more than \$3,500,000 interim construction financing notes) for the purpose of paying a portion of the costs of acquisition and construction of the City's sewerage system improvements.

All as required by Chapter 16, Article 13 of the West Virginia Code.

SANITARY BOARD OF THE CITY OF PETERSBURG

By 

Mayor and Chairman - Petersburg Sanitary Board

12/05/86  
PETER1-B



# Certificate of Publication

State of West Virginia  
County of Grant, to-wit:

The undersigned hereby certifies that the annexed notice was duly published in the

**Grant County Press**

a weekly newspaper published at Petersburg, Grant County, West Virginia, for 2 consecutive weeks ending on the 23rd day of December, 1986.

GRANT COUNTY PRESS

By William L. Hurd  
Editor

Publishing Notice \$ 75.00

Hand Bills

Miscellaneous

Total \$ 75.00

Sworn before me on this the

23rd day of December,

19 86.

Notary Public

Commission Expires

Official Seal

Notary Public, State of West Virginia

Caroline J. Howard

47 S. Main St., Box 36

Petersburg, W. Va. 26847

My commission expires November 6, 1995

## CITY OF PETERSBURG NOTICE OF PUBLIC HEARING ON SEWER REVENUE BOND AND NOTES ORDINANCE

A public hearing will be held on the following entitled Ordinance at a special meeting of the Council of the City of Petersburg to be held on

January 5, 1987, at 7:00 p.m. in the Council chambers at the Petersburg City Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall be the duty of the Council to decide upon an Ordinance entitled:

Ordinance authorizing the acquisition and construction of public sewerage facilities of the City of Petersburg and the financing of the cost, not otherwise provided, thereof through the issuance by the city of not more than \$900,000 in aggregate principal amount of sewer revenue bonds, Series 1987 A, not more than \$300,000 in aggregate principal amount of sewer revenue bonds, Series

1987 B, and not more than \$3,500,000 interim construction financing, consisting of grant anticipation notes or a line of credit evidenced by notes or both; providing for the rights and remedies of and security for the registered owners of such bonds and notes; authorizing execution and delivery of a trust indenture securing the notes; approving and ratifying a loan agreement and supplemental loan agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and notes and adopting other provisions relating thereto.

The above-entitled Ordinance was adopted by the Council of the City of Petersburg on December 15, 1986.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond and Note issues contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and

construction of public sewerage facilities of the City of Petersburg (the "Project"). The proceeds of the Notes will be used to provide temporary financing of a portion of such costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewerage system of the City. The Notes are payable solely from certain grant proceeds to be received by the City and certain other sources described in the Ordinance. No taxes may at any time be levied for the payment of the Bonds of the Notes or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Recorder of the City of Petersburg for review by interested parties during regular office hours.

Following said public hearing, the City Council intends to enact said Ordinance upon final reading.

Dated December 17, 1986

Edna Harman  
Recorder

12-17-86-23





NOTICE OF PUBLIC HEARING ON:

AN ORDINANCE ESTABLISHING AND FIXING RATES,  
FEES, CHARGES AND DELAYED PAYMENT PENALTY  
CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE  
SYSTEM OF THE CITY OF PETERSBURG

THE CITY COUNCIL OF THE CITY OF PETERSBURG HEREBY ORDAINS:  
The following schedule of rates, fees, charges and delayed payment  
penalty charges are hereby fixed and determined as the rates, fees,  
charges and delayed payment penalty to be charged to customers of  
the sewerage system of the City of Petersburg throughout the  
territory served.

SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for general domestic and commercial sanitary  
sewer service.

RATES (Based upon the metered amount of water supplied)

First 2,000 gallons used per month	\$6.90
(or any fraction thereof)	
Next 2,000 gallons used per month	\$2.65 per 1,000 gallons
Next 30,000 gallons used per month	\$2.25 per 1,000 gallons
Next 66,000 gallons used per month	\$2.00 per 1,000 gallons
Next 100,000 gallons used per month	\$1.75 per 1,000 gallons
Over 200,000 gallons used per month	\$1.75 per 1,000 gallons

DELAYED PAYMENT PENALTY

A 10% penalty shall be added to all charges not paid  
within 20 days from the date of the billing. This delayed payment  
is not interest and is only to be collected once for each bill where  
it is appropriate.

EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.

SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

STATUTORY NOTICE AND PUBLIC HEARING

Following introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Grant County Press, being the only newspaper published and of general circulation in the City of Petersburg, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 13th day of March, 1987, at 2:00 p.m., which date is not less than 10 days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

ATTEST:

Edna M. Harmon  
CITY RECORDER

CITY OF PETERSBURG, a  
municipal corporation,

BY:

Sam Landis  
SAM LANDIS, Mayor



**NOTICE OF PUBLIC HEARING ON:  
AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, CHARGES AND  
DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF  
THE SEWERAGE SYSTEM OF THE CITY OF PETERSBURG**

THE CITY COUNCIL OF THE CITY OF PETERSBURG HEREBY ORDAINS: The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the sewerage system of the City of Petersburg throughout the territory served.

**SCHEDULE OF RATES**

**APPLICABILITY**

Applicable in entire area served.

**AVAILABILITY OF SERVICE**

Available for general domestic and commercial sanitary sewer service.

**RATES (Based upon the metered amount of water supplied)**

First 2,000 gallons used per month (or any fraction thereof)	\$8.90
Next 2,000 gallons used per month	\$2.65 per 1,000 gallons
Next 30,000 gallons used per month	\$2.25 per 1,000 gallons
Next 66,000 gallons used per month	\$2.00 per 1,000 gallons
Next 100,000 gallons used per month	\$1.75 per 1,000 gallons
Over 200,000 gallons used per month	\$1.75 per 1,000 gallons

**DELAYED PAYMENT PENALTY**

A 10% penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

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**ATTEST:**

Edna M. Harman  
City Recorder

CITY OF PETERSBURG, a municipal corporation,

By: Sam Landis, Mayor

3/3-3/10



POLICE REPORT

Chief John Leatherman reported they had traveled 1458 miles, and made 36 arrests. Council discussed whether to keep old police car. Mayor was directed by council to put cruiser up for bids and see how much can be recieved for it.

Council discussed holiday pay for police dept. Police will be paid for holidays if working five straight days, paid straight time if your scheduled to work, if called out will be paid time and one-half.

EASEMENTS

Payment on Easements to Pat Snell \$500.00, Mike Snell \$2000.00, Reed Dolly \$500.00. Gillie Dodd motion to pay bills, George Six second the motion, motion carried.


BUILDING PERMITS

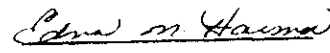
No. 4629--11-18-86--Construct shed, 4 west Central Ave. Cost 150.00 Burl Kisamore.  
No. 4437---11-10-86--Construct Car Port, Highland Ave. \$5000.00, Roland Miller  
No. 4599--11-7-86---Construct house, Riverview Addition, 32,000.00, William McGinnes.  
No. 4625--10-29-86--Construct garage, 34 East Ave. \$1,400.00, Oma M. Bartly for Arther Lewis.

Albert Alt made a motion to pass building permits, Roger Lewis second the motion, motion carried.

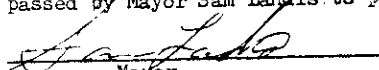
UP TOWN MALL

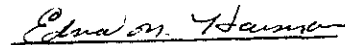
Gillie Dodd reported to councilmen that he has recieved complaint about parking at the Up Town Mall.

  
Mayor

  
Recorder

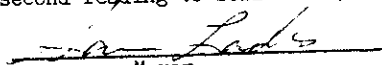
The Sanitary Board met on Monday Evening, December 8, 1986, board consisted of Mayor Sam Landis, Chairman Bryon Hawse, city resident, and engineer Wm. Pallavicini. Committee met to pass a resolution for the City Council to give them authority to borrow money. Bryon Hawse made a motion to pass resolution, Wm Pallavicini, motion was passed by Mayor Sam Landis to petition the council to sell bonds to WDA.

  
Mayor

  
Recorder

A special <sup>meeting</sup> was held on Monday evening December 8, 1986, those present were Mayor Sam Landis, Councilmen, Albert Alt, Gillie Dodd, Roger Lewis, and George Six, and recorder Edna Harman. The purpose of the meeting was to enact and ordinance. The Sanitary Board of the City of Petersburg on motion duly passed at its meeting on the 8th day of December 1986 to enact an ordinance directing the Sewer Revenue Bonds of the municipality be issued pursuant to the code in an aggregate amount not to exceed \$1,200,000. for the purpose of paying a portion of the cost of construction of the city sewer system improvements. A motion was made by George Six to pass ordinance, Roger Lewis second the motion, motion passed.

The Petersburg City Council held a special meeting on monday eveing, Dec. 15, 1986 those present were Mayor Sam Landis, Councilmen Albert Alt, Gillie Dodd and Roger Lewis, Recorder Edna Harman, the purpose of the meeting was to consider and act upon a proposed Bond authorizing ordinance providing for the issuance of a Sewer Revenue Bond. Series A and B in the principal amount of \$1,200,000. to provide funds for construction of Sewer System Facilities of the city. Gillie Dodd made a motion to agree with the second reading to sell bonds, Albert Alt second the motion, motion passed.

  
Mayor

  
Recorder

The Petersburg held its regular meeting on Monday Evening January 5, 1986, at 7:00 p.m. Those present were Mayor Sam Landis, Councilmen Albert Alt, Gillie Dodd, Roger Lewis, Jack Groves, and George Six, Recorder Anna Harman, Press Reporter Tom Henke, City Policemen John Leatherman and Delmar Rodgers, Kenneth Dyche Region 8, Petersburg Business Association, Kathy Kimble, Darlene Rohrbaugh, and William Halterman, Attorney Vince Collins firm of Steptoe and Johnson, Sewer Plant operator Bob Pack, and Joan Ford.

The meeting was called to order by the Mayor and the minutes were read and approved as read.

#### SMALL CITIES BLOCK GRANT Kenneth Dyche

Gillie Dodd made a motion to adopt resolutions pertaining to a \$900,000. Small Cities Block Grant Drawdown Revitalization Project. Jack Groves second the motion, motion passed. Mayor Sam Landis is authorized to sign Small Cities Block Grant Fund Drawdown and in his absence, Jack Groves is authorized to sign, in both their absences, Albert Alt is authorized to sign. Resolutions are attached to the January 6, 1987 minutes.

#### VINCE COLLINS Steptoe and Collins

Collins told council to think about investing bond proceeds in a high-interest earning account, he said they should consider State Consolidated Investment Pool. Bond sale are two series, Series "A" will raise \$900,000. an 8.3 interest rate, Series B will raise \$300,000 interest rate of 0 per-cent. Payment on the W.D.A. loan principal should begin in October 1989, before October 1989 just interest will be paid. Vince Collins held the final reading on selling bonds. Jack Groves made a motion to accept Bond and Notes Ordinance, George Six second the motion, motion carried.

#### PETERSBURG BUSINESS ASSOCIATION

Kathy Kimble, Darlene Rohrbaugh, and William Halterman appeared before council to discuss the need for police protection and security in the city. Kimble told of a broken window in her store which left her store open for eight hours. PBA, asked for twenty four hour protection. Rohrbaugh told of her jewelry store window being broken out for approximately two and one-half to three hours before being reported. He said no policeman has responded to four to six burglar alarms at her store. Halterman reported a incident which happened at his store, he said he felt the Police Department needed to use two Police Cruisers. Halterman asked council to accept suggestions from the Police to how best to manage the department and their working hours. Overtime and the budget was discussed. Halterman concluded saying the P.B.A. sent us to ask you to please give us more security. Jack Groves said council needs to get with John Leatherman on this situation.

GRANT REPORT





# STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

CHARLESTON

CHARLES W. YEAGER  
CARL F. STUCKY, JR.  
OTIS L. O'CONNOR  
WAYNE A. SINCLAIR  
JAMES R. WATSON  
DANIEL R. SCHUDA  
SPRAGUE W. HAZARD  
HERSCHEL H. ROSE III  
CHRISTOPHER P. BASTIEN  
STEVEN P. MCGOWAN  
MARTIN R. SMITH, JR.

OF COUNSEL  
ROBERT W. LAWSON, JR.  
EDWARD W. EARDLEY  
EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON  
ERNEST C. SWIGER  
HERBERT G. UNDERWOOD  
JACKSON L. ANDERSON  
ROBERT G. STEELE  
JAMES M. WILSON  
PATRICK D. DEEM  
ROBERT M. STEPTOE, JR.  
ANNE R. WILLIAMS  
JAMES D. GRAY  
VINCENT A. COLLINS  
JAMES A. RUSSELL  
FRANK E. SIMMERMAN, JR.  
WILLIAM T. BELCHER  
MICHAEL L. BRAY  
DAVID C. CLOVIS  
J. GREG GOODYKOONTZ  
IRENE M. KEELEY  
EVANS L. KING, JR.  
WALTER L. WILLIAMS  
SUSAN S. BREWER  
RONALD H. HANLAN  
C. DAVID MORRISON  
HARRY P. WADDELL  
CLEMENT D. CARTER III  
W. HENRY LAWRENCE IV  
WILLIAM E. GALEOTA  
GORDON H. COPLAND  
RANDALL C. LIGHT  
RICHARD M. YURKO, JR.  
GARY W. NICKERSON  
W. RANDOLPH FIFE

May 12, 1987

## City of Petersburg Sewer Revenue Bonds, Series 1987 A and Series 1987 B

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service  
Internal Revenue Service Center  
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,

*Vincent A. Collins*  
Vincent A. Collins

Enclosure

05/12/87  
PETER1-X

Form **8038-G**

(December 1986)

Department of the Treasury  
Internal Revenue Service**Information Return for Tax-Exempt  
Governmental Bond Issues**

► Under Section 149(e)

(Use Form 8038-GC if issue price is under \$100,000.)

OMB No. 1545-0720

Expires 12-31-89

**Part I Reporting Authority**Check box if Amended Return ► ☐

1 Issuer's name

City of Petersburg

2 Issuer's employer identification number

55-6000-231

3 Number and street

Post Office Box 669, 23 Virginia Avenue

4 Report number

G198 7 - 1

5 City or town, state, and ZIP code

Petersburg, West Virginia 26847

6 Date of issue

4/23/87

**Part II Type of Issue (check box(es) that applies)**

- 7 Check box if bonds are tax or other revenue anticipation bonds ► ☐
- 8 Check box if bonds are in the form of a lease or installment sale ► ☐
- 9 ☐ Education
- 10 ☐ Health and hospital
- 11 ☐ Transportation
- 12 ☐ Public safety
- 13 ☒ Environment (including sewage bonds) Sewer Revenue Bonds
- 14 ☐ Housing
- 15 ☐ Utilities
- 16 ☐ Other. Describe (see instructions) ►

Issue Price

\$650,306

**Part III Description of Bonds**

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	10-1-26	8.38 %	\$650,306	\$650,306			
18 Entire issue			\$650,306	\$650,306	40 years	8.38%	8.38%

**Part IV Uses of Original Proceeds of Issue (including underwriters' discount) (Level Amortized Payments)**

19 Proceeds used for accrued interest	19	-0-
20 Proceeds used for bond issuance costs (including underwriters' discount) (including \$28,343	20	49,551
21 Proceeds used for credit enhancement (capitalized interest)	21	-0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22	57,183
23 Proceeds used to refund prior issues	23	-0-
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	543,572

**Part V Description of Refunded Bonds (complete this part only for refunding bonds)**

- 25 Enter the remaining weighted average maturity of the bonds to be refunded ► years
- 26 Enter the last date on which the refunded bonds will be called ►
- 27 Enter the date(s) the refunded bonds were issued ►

**Part VI Miscellaneous**

- 28 Enter the amount (if any) of the state volume cap allocated to this issue ►
- 29 Arbitrage rebate:
- a Check box if the small governmental unit exception to the arbitrage rebate requirement applies
- b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply
- c Check box if you expect to earn and rebate arbitrage profits to the U.S.
- 30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ►
- 31 Pooled financings:
- a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ► ☐ and enter the amount ►
- b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ► ☒ and enter the name of the issuer ► West Virginia Water Devel. Authority and the date of the issue ► May 22, 1986

Please  
Sign  
Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of officer

April 23, 1987

Date

Mayor

Title



U.S. ENVIRONMENTAL PROTECTION AGENCY EPA ASSISTANCE AGREEMENT <del>MENTALMENT</del> PART I - ASSISTANCE NOTIFICATION INFORMATION					1. ASSISTANCE ID NO. C-5314-03-0		2. LOG NUMBER Three - C	
					3. DATE OF AWARD <b>SEP 30 1985</b>		4. MAILING DATE <b>OCT 7 1985</b>	
5. AGREEMENT TYPE				6. PAYMENT METHOD				
<input type="checkbox"/> Cooperative Agreement <input checked="" type="checkbox"/> Grant Agreement <input type="checkbox"/> Assistance Amendment				<input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit				
X Send Payment Request To: Grants Management Section				7. TYPE OF ACTION Continuation				
RECIPIENT ORGANIZATION	8. RECIPIENT City of Petersburg P.O. Box 666 Petersburg, West Virginia 26847				9. PAYEE City of Petersburg P.O. Box 666 Petersburg, West Virginia 26847			
	EIN NO.		CONGRESSIONAL DISTRICT 2nd		10. RECIPIENT TYPE City			
	11. PROJECT MANAGER AND TELEPHONE NO. Sam Landis, Mayor (304) 257-4944				12. CONSULTANT (WWT Construction Grants Only) Dewberry & Davis 8401 Arlington Boulevard Fairfax, Virginia 22031 Dr. E.M. Jannelle (703) 560-1100			
EPA CONTACT	13. ISSUING OFFICE (City/State) Philadelphia, Pennsylvania				14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. R. Fenton Roudabush, Chief Virginia-West Virginia Section (215) 597-9131			
	15. EPA CONGRESSIONAL LIAISON & TEL. NO. Patricia Gaskins (202)382-5184		16. STATE APPL ID (Clearinghouse)		17. FIELD OF SCIENCE N/A		18. PROJECT STEP (WWT CG Only) III	
19. STATUTORY AUTHORITY Clean Water Act, Title II		20. REGULATORY AUTHORITY 40 CFR Parts 30 & 35		21. STEP 2 + 3 & STEP 3 (WWT Construction Only)				
				a. Treatment Level		3		
				b. Project Type		NEW		
				c. Treatment Process		F		
				d. Sludge Design		5		
22. PROJECT TITLE AND DESCRIPTION Construction of a 0.4 MGD Oxidation Ditch Wastewater Treatment Plant and improvements to existing sewer system. The eligible project includes associated costs as defined in 40 CFR 35.2250 up to the amount shown in Part II of the Assistance Agreement.								
23. PROJECT LOCATION (Areas Impacted by Project)								
City/Place Petersburg		County Grant		State WV		Congressional District 2nd		
24. ASSISTANCE PROGRAM (CFDA Program No. & Title) 66.418		25. PROJECT PERIOD 09/85 - 05/88		26. BUDGET PERIOD N/A				
27. COMMUNITY POPULATION (WWT CG Only) 3,000		28. TOTAL BUDGET PERIOD COST N/A		29. TOTAL PROJECT PERIOD COST 3,623,400				
FUNDS		FORMER AWARD		THIS ACTION		AMENDED TOTAL		
30. EPA Amount This Action				1,992,870				
31. EPA In-Kind Amount								
32. Unexpended Prior Year Balance								
33. Other Federal Funds								
34. Recipient Contribution								
35. State Contribution								
36. Local Contribution								
37. Other Contribution								
38. Allowable Project Cost				3,623,400				
39. FISCAL	Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount	
	GMAW80	85	68X0103.H	W85022	5GMA036006	41.11	\$1,992,870	

TABLE A - OBJECT CLASS CATEGORY  
(Non-construction)TOTAL APPROVED ALLOWABLE  
BUDGET PERIOD COST

1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS RATE % BASE	
11. TOTAL (Share: Recipient _____% Federal _____%)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$ N/A

TABLE B - PROGRAM ELEMENT CLASSIFICATION  
(Non-construction)

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient _____% Federal _____%)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	\$ N/A

TABLE C - PROGRAM ELEMENT CLASSIFICATION  
(Construction)

1. ADMINISTRATION EXPENSE	
2. PRELIMINARY EXPENSE	
3. LAND STRUCTURES, RIGHT-OF-WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	
5. OTHER ARCHITECTURAL ENGINEERING FEES	61,000
6. PROJECT INSPECTION FEES	24,000
7. LAND DEVELOPMENT	91,000
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	3,134,000
12. EQUIPMENT	
13. MISCELLANEOUS	
14. TOTAL (Lines 1 thru 13)	
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	313,400
19. TOTAL (Share: Recipient 45% Federal 55%)	3,623,400
20. TOTAL APPROVED ASSISTANCE AMOUNT	\$ 1,992,870

DET

In accordance with 40CFR35.2123, EPA grant assistance is limited to eligible project costs for serving existing needs on the date of approval of the Step 3 grant award. All incremental costs associated with treatment works capacity beyond existing needs are to be paid for by the grantee. Prior to written authorization to advertise for construction bids, eligible/ineligible project costs will be redefined by employing the CAPDET (Computer Assisted Procedures for the Design and Evaluation of Wastewater Treatment Systems) method. The CAPDET ratio of existing needs eligible construction costs/total project construction costs will then be utilized to revise grant participation upon receipt and review of construction bids.

## PART IV

**NOTE:** The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

## OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/extension to the City of Petersburg

for 55 % of all approved costs incurred up to and not exceeding \$ 1,992,870

for the support of approved budget period effort described in application (including all application modifications)

C-540314-03

City of Petersburg

included herein by reference.

## ISSUING OFFICE (Grants Administration Office)

ORGANIZATION/ADDRESS  
Environmental Protection Agency  
Grants Management Section (3PM32)  
841 Chestnut Building  
Philadelphia, Pennsylvania 19107

## AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS  
Environmental Protection Agency  
Water Management Division (3WMOO)  
841 Chestnut Building  
Philadelphia, Pennsylvania 19107

## THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL

TYPED NAME AND TITLE

James M. Seif, Regional Administrator

SEP 30 1985

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

## BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE

TYPED NAME AND TITLE

Sam Landis, Mayor

DATE

10/15/85

# PART III-AWARD CONDITIONS

## a. GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

## b. SPECIAL CONDITIONS

*(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)*

- A. The grantee is subject to all the requirements of 40 CFR Part 35, Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

### "1. Regulations Affecting Federal Grant Payments

- (a) Payments shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33, Subpart A.
- (b) The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- (c) Payments shall be made in accordance with 40 CFR 35.2300.
- (d) The grantee may submit requests for payment for allowable costs incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	01/86	52,000	52,000
2	02/86	57,800	109,800
3	03/86	57,800	167,600
4	04/86	77,000	244,600
5	05/86	115,500	360,100
6	06/86	156,700	516,800
7	07/86	176,000	692,800
8	08/86	198,000	890,800
9	09/86	176,000	1,066,800
10	10/86	137,500	1,204,300
11	11/86	113,900	1,318,200
12	12/86	110,000	1,428,200
13	01/87	88,000	1,516,200
14	02/87	88,000	1,604,200
15	03/87	88,000	1,692,200
16	04/87	94,990	1,787,190
17	05/87	199,280	1,986,470
18	09/87	1,600	1,988,070
19	12/87	1,600	1,989,670
20	03/88	1,600	1,991,270
21	05/88	1,600	1,992,870

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 05/87. The grantee further agrees to provide the Regional Administrator upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 12 months of the date of this grant award (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-way are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one year after the initiation of operation whether or not the project is capable of meeting the project performance standards (40 CFR 35.2218(c)).

6. Subagreements and Contracts

- (a) The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.
- (b) A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.
- (c) The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.



7. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

8. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

9. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review, and final determination of the Grant Approving official.

10. MBE/WBE Requirements

The recipient agrees to submit to the Chief, Construction Grants Branch, Attn: EEO Specialist, EPA-Region III, a completed Form 6005-1 within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements to a minority or women's business for building and building-related services and supplies.

11. Audit Requirement

The recipient agrees that it will comply with the provisions of OMB Circular A-128 governing the audit of State and local government recipients of federal assistance for fiscal years that begin after December 31, 1984. (This requirement replaces 40 CFR 30.540(b) which is based on OMB Circular A-102, Attachment P.)

12. Sewer System Evaluation Survey Completion

The grantee shall complete sewer system evaluation work in accordance with the following schedule:

- (a) Submit an approvable schedule within two months after grant award for the additional ineligible rehabilitation as outlined in the approved Sewer System Evaluation Survey Phase II report.
- (b) Complete all required rehabilitation work no later than 90% of the treatment plant scheduled construction."

<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b> <b>EPA ASSISTANCE AGREEMENT/AMENDMENT</b> <b>PART I - ASSISTANCE NOTIFICATION INFORMATION</b>						1. ASSISTANCE ID NO. C-540314-03-1		2. LOG NUMBER Three - C	
						3. DATE OF AWARD <b>SEP 30 1986</b>		4. MAILING DATE <b>OCT 7 1986</b>	
5. AGREEMENT TYPE <input type="checkbox"/> Cooperative Agreement <input type="checkbox"/> Grant Agreement <input checked="" type="checkbox"/> Assistance Amendment				6. PAYMENT METHOD <input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit Send Payment Request To: <b>Grants Management Section</b>					
8. RECIPIENT City of Petersburg P.O. Box 666 Petersburg, West Virginia 26847				9. PAYEE City of Petersburg P.O. Box 666 Petersburg, West Virginia 26847					
EIN NO. _____				CONGRESSIONAL DISTRICT 2nd		10. RECIPIENT TYPE City			
11. PROJECT MANAGER AND TELEPHONE NO. Sam Landis, Mayor (304) 257-4944				12. CONSULTANT (WWT Construction Grants Only) Dewberry & Davis 8401 Arlington Boulevard Fairfax, Virginia 22031 Dr. E.M. Jennelle (703) 560-1100					
13. ISSUING OFFICE (City/State) Philadelphia, Pennsylvania				14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. R. Fenton Roudabush, Chief Virginia-West Virginia Section (215) 597-9131					
15. EPA CONGRESSIONAL LIAISON & TEL. NO. Patricia Gaskins (202) 382-5184				16. STATE APPL ID (Clearinghouse)		17. FIELD OF SCIENCE N/A		18. PROJECT STEP (WWT CG Only) III	
19. STATUTORY AUTHORITY Clean Water Act, Title II				20. REGULATORY AUTHORITY 40 CFR Parts 30 & 35		21. STEP 2 + 3 & STEP 3 (WWT Construction Only)			
						a. Treatment Level		3	
						b. Project Type		NEW	
						c. Treatment Process		F	
						d. Sludge Design		5	
22. PROJECT TITLE AND DESCRIPTION This amendment increase is based on receipt of actual construction bids for Contracts A, B and C and utilizes innovative technology.									
23. PROJECT LOCATION (Areas Impacted by Project)									
City/Place Petersburg			County Grant			State WV		Congressional District 2nd	
24. ASSISTANCE PROGRAM (CFDA Program No. & Title) 66.418			25. PROJECT PERIOD 09/85 - 09/88			26. BUDGET PERIOD N/A			
27. COMMUNITY POPULATION (WWT CG Only) 3,000			28. TOTAL BUDGET PERIOD COST N/A			29. TOTAL PROJECT PERIOD COST 4,118,000			
FUNDS		FORMER AWARD		THIS ACTION		AMENDED TOTAL			
30. EPA Amount This Action		1,992,870		+ 536,370		2,529,240			
31. EPA In-Kind Amount									
32. Unexpended Prior Year Balance									
33. Other Federal Funds									
34. Recipient Contribution									
35. State Contribution									
36. Local Contribution									
37. Other Contribution									
38. Allowable Project Cost		3,623,400		+ 494,600		4,118,000			
39. FISCAL	Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount		
	GRAW80	86	68X0103.J	W86012	6GRA036006	41.11	\$272,030		
	GMCW80	85-C	68X0103.H	WI8501	PGMC036006	41.11	5,870		
	GRCW80	86	68X0103.J	WI8601	6GRC036006	41.11	258,470		

TABLE A - OBJECT CLASS CATEGORY  
(Non-construction)

TOTAL APPROVED ALLOWABLE  
BUDGET PERIOD COST

PERSONNEL	
FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS RATE % BASE	
11. TOTAL (Share: Recipient _____% Federal _____%)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	\$ N/A

TABLE B - PROGRAM ELEMENT CLASSIFICATION  
(Non-construction)

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient _____% Federal _____%)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	\$ N/A

TABLE C - PROGRAM ELEMENT CLASSIFICATION  
(Construction)

Basic (55%) Innovative (20%)

1. ADMINISTRATION EXPENSE	4,994	1,603
2. <del>RELOCATION EXPENSE</del> Legal & Fiscal	5,000	1,605
3. LAND STRUCTURES, RIGHT-OF-WAY		
4. ARCHITECTURAL ENGINEERING BASIC FEES	60,927	19,558
5. OTHER ARCHITECTURAL ENGINEERING FEES	24,000	7,704
6. PROJECT INSPECTION FEES	90,891	29,176
7. LAND DEVELOPMENT		
8. RELOCATION EXPENSES		
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES		
10. DEMOLITION AND REMOVAL		
11. CONSTRUCTION AND PROJECT IMPROVEMENT	3,744,953	1,202,000
12. EQUIPMENT		
13. MISCELLANEOUS		
14. TOTAL (Lines 1 thru 13)		
15. ESTIMATED INCOME (If applicable)		
16. NET PROJECT AMOUNT (Line 14 minus 15)		
17. LESS: INELIGIBLE EXCLUSIONS		
18. ADD: CONTINGENCIES	187,235	60,054
19. TOTAL (Share: Recipient <u>39</u> % Federal <u>61</u> %)	4,118,000	1,321,700
20. TOTAL APPROVED ASSISTANCE AMOUNT \$2,529,240	\$2,264,900	264,340

### PART III-AWARD CONDITIONS

#### GENERAL CONDITIONS

The recipient covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

#### b. SPECIAL CONDITIONS

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

- A. Part III, Special Conditions 1b, 1d, 2, 3, 4, and 5 are hereby deleted in their entirety and the following substituted in lieu thereof:

"1b. Grant Payment Milestones (40 CFR 35.2206)

Grant Payments cannot exceed 50% of the Federal share unless the Grantee has furnished a satisfactory final plan of operation, and cannot exceed 90% unless the Grantee has furnished a satisfactory Operations and Maintenance Manual. The following dates represent an estimate of the timing of those payments.

Final Plan of Operation Approval 01/87

Operation and Maintenance  
Manual Approval 07/87

1d. Revised Schedule of Grant Payments

The grantee may submit requests for payments for allowable costs incurred in accordance with the following schedule:

<u>Payment No.</u>	<u>Date</u>	<u>Payment</u>	<u>Cumulative Amount</u> (not to be exceeded)
1	Previously Paid		83,000
2	09/86	220,000	303,000
3	10/86	350,000	653,000
4	11/86	355,000	1,008,000
5	12/86	130,000	1,138,000
6	01/87	130,000	1,268,000
7	02/87	130,000	1,398,000
8	03/87	130,000	1,528,000
9	04/87	200,000	1,728,000
10	05/87	140,000	1,868,000
11	06/87	140,000	2,008,000
12	07/87	140,000	2,148,000
13	08/87	121,920	2,269,920
14	09/87	252,920	2,522,840
15	12/87	1,600	2,524,440
16	03/88	1,600	2,526,040
17	06/88	1,600	2,527,640
18	09/88	1,600	2,529,240

Revisions to this schedule must be approved in writing by the Grant Approving Official.

2. Project Schedule

The grantee agrees that the project will be initiated, constructed, and operated in conformance with the schedule listed below. Failure to maintain this schedule can result in delayed federal grant payments, and can also result in a higher final cost to the Grantee. Incremental costs incurred as a result of delays are ineligible for Federal participation. In extreme cases, such as failure of the Grantee to complete major milestones, the grant may be terminated or annulled. Given the above, it is imperative that the Grantee exercise control over the project to assure timely completion.

3. Project Initiation (40 CFR 35.2212)

Construction will be initiated on the following schedule. If construction is delayed any incremental costs will be ineligible for Federal participation.

	<u>Date</u>		
Bid Advertisement	<u>06/86</u>	<u>                    </u>	<u>                    </u>
Construction			
Contract Award	<u>09/86</u>	<u>                    </u>	<u>                    </u>
Construction Start			
(NTP)	<u>09/86</u>	<u>                    </u>	<u>                    </u>

4. Sewer Use Ordinance and User Charge System (40 CFR 35.2208)

The sewer use ordinance must be adopted, and the user charge system implemented, before the system is placed in operation. The following dates represent an estimate of that operational date.

Sewer Use Ordinance Adoption	<u>12/86</u>
User Charge System Implementation	<u>01/87</u>

5. Project Performance (40 CFR 35.2218)

Federal Regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The Grantee therefore agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The Grantee therefore agrees to submit its request for final payment in accordance with this schedule.

Initiation of Operation	<u>09/87</u>
Project Performance Certification	<u>09/88</u>
Final Payment Request	<u>09/88</u> "

B. Part III, Special Conditions, is hereby amended by adding the following:

"14. Notice of Building Completion (40 CFR 35.2216)

Grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule.

Grantee's request for Final Physical Inspection to State 09/87

Preliminary Final Payment Request 09/87

15. Project Replacement

The grantee shall inform the Regional Administrator within two years after the initiation of the operation of the project if the project is failing to meet the project performance standards. If necessary the Regional Administrator may award 100% of the allowable costs for modifications or replacement (40 CFR 35.2032(c)).

16. Award Restrictions

The grantee agrees that no portion of this award will be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74."

All other terms and conditions remain unchanged.

## PART IV

**NOTE:** The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

## OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers ~~assistance~~ amendment to the City of Petersburg

for 61 % of all approved costs incurred up to and not exceeding \$ 2,529,240

RECIPIENT ORGANIZATION

ASSISTANCE AMOUNT

for the support of approved budget period effort described in application (including all application modifications)

C-540314-03 City of Petersburg included herein by reference.

DATE AND TYPE

## ISSUING OFFICE (Grants Administration Office)

## ORGANIZATION/ADDRESS

Environmental Protection Agency  
Grants Management Section (3PM32)  
841 Chestnut Building  
Philadelphia, Pennsylvania 19107

## AWARD APPROVAL OFFICE

## ORGANIZATION/ADDRESS

Environmental Protection Agency  
Water Management Division (3WMOO)  
841 Chestnut Building  
Philadelphia, Pennsylvania 19107

## THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL

TYPED NAME AND TITLE

James M. Seif, Regional Administrator

DATE

SEP 30 1986

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

## BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE

TYPED NAME AND TITLE

Sam Landis, Mayor

DATE

Oct. 15, 1986







Department of Public Safety  
(West Virginia State Police)  
South Charleston, West Virginia 25309

Arch A. Moore, Jr.  
Governor

Governor's Authorized Representative  
State Coordinating Officer  
FEMA-753-DR-WV

Colonel M. J. Donohoe  
Superintendent

February 10, 1987

The Honorable Sam Landis, Mayor  
City of Petersburg  
P.O. Box 666  
Petersburg, West Virginia 26847

RE: FEMA-753-DR-WV  
P.A. # 023-62956  
City of Petersburg  
DSR's # 27717 & 10290  
Grant-In-Lieu

Dear Mayor Landis:

The State Public Assistance Office is in receipt of a letter from the Federal Emergency Management Agency, Region III, Philadelphia, Pennsylvania, dated February 4, 1987 in which FEMA states it has approved your Grant-In-Lieu request for DSR's # 27717 and 10290 for the sum of \$137,765.00. The amount approved is less than the amount recommended due to a deduction of items relating to debris removal and cleaning.

Should you have any questions concerning the approval please contact this office at your convenience.

Sincerely,

George E. Wise, Jr.  
State Public Assistance Officer

GEW/vb  
Enclosures

cc: William Pallavicini, P.E.



# Federal Emergency Management Agency

Region III 105 South 7th Street Philadelphia, Pennsylvania 19106

FEB 4 1987

Colonel W.F. Donohoe  
State Coordinating Officer  
c/o George Wise  
Public Assistance Program  
Office of Emergency Services  
Capitol Building, EB-80  
Charleston, WV 25305

Re: FEMA 753-DR-023-62956  
City of Petersburg  
Grant County, WV

Dear Colonel Donohoe:

The request for a Grant-in-Lieu for DSR Nos. 27717 and 10290 has been approved for \$137,765.00. The signed form 90-55 is enclosed.

The Grant-in-Lieu has been reduced due to the deduction from the request for items relating to debris removal and cleaning.

If you have any questions, please call Mr. James F. Oesterling of my Disaster Assistance staff at (215) 597-1746.

Sincerely,

A handwritten signature in cursive script, reading "Paul P. Giordano", is written over a horizontal line.

Paul P. Giordano  
Regional Director

Enclosure

# APPENDIX J

Form Approved  
OMB No. 026 R0053

FEDERAL EMERGENCY MANAGEMENT AGENCY DISASTER RESPONSE AND RECOVERY REQUEST FOR GRANT-IN-LIEU	
PREPARE A SEPARATE REQUEST FOR EACH GRANT-IN-LIEU	
APPLICANT City of Petersburg	PROJECT NUMBER FEMA 753-DR-023-62956
DAMAGE CATEGORY Wastewater Treatment Plant Work Category F	ITEM NUMBER DSR No: 027717 DSR No: 10290 (Supplement)
1. DESCRIPTION OF THE HIGHER GRADE FACILITY TO BE CONSTRUCTED OR MORE PERMANENT REPAIR TO BE ACCOMPLISHED (DIMENSIONS AND TYPE OF MATERIALS, ETC.) See Attachment	
2. ESTIMATED COST OF THE ABOVE FACILITY \$2,588,000.00	3. SOURCE OF FUNDING OVER FEMA GRANT EPA, WV Small Cities Block Grant, and WDA Loan
4. WORK TO BE PERFORMED BY: (Check one) <input checked="" type="checkbox"/> a. CONTRACT <input type="checkbox"/> b. OWN EMPLOYEES AND EQUIPMENT <input type="checkbox"/> c. COMBINATION OF a. AND b.	
5. ESTIMATED DATE THE ABOVE PERMANENT WORK WILL BE COMPLETED September 29, 1987	
6. ESTIMATED DATE WHEN ESSENTIAL PUBLIC SERVICE WILL BE RESUMED September 29, 1987	
7. ENGINEERING ESTIMATE OF THE COST OF REPAIR OR REPLACEMENT AS SHOWN IN THE DAMAGE SURVEY REPORT DSR 027717: \$35,835.00; DSR 10290: \$138,171.00.	
AMOUNT REQUESTED DSR 027717: \$30,023.46; DSR 10290: \$117,184.85 TOTAL \$147,208.31	DATE November 26, 1986
APPLICANTS AUTHORIZED REPRESENTATIVE <i>Sam Landes Mayor</i>	
8. APPROVAL OF THIS REQUEST IS BASED ON ABOVE INFORMATION. ANY CHANGED CONDITIONS SHOULD IMMEDIATELY BE BROUGHT TO ATTENTION OF THE GOVERNORS AUTHORIZED REPRESENTATIVE, AS IT MAY HAVE BEARING ON GRANT-IN-LIEU ALLOWANCE.	
AMOUNT RECOMMENDED \$147,208.00	DATE 4 Dec, '86
GOVERNORS AUTHORIZED REPRESENTATIVE <i>[Signature]</i>	
AMOUNT APPROVED \$137,765.00	DATE 2/3/87
DIRECTOR, FEMA REGION <i>Ceyid A. Helin</i>	

RECEIVED

FEB 6 1987

WV DEPT. OF HIGHWAYS  
ENGINEERING ASSISTANT

Arch A. Moore, Jr.  
Governor



Department of Public Safety  
(West Virginia State Police)  
South Charleston, West Virginia 25309

Governor's Authorized Representative  
State Coordinating Officer  
FEMA-753-DR-WV

February 5, 1987

Colonel M. J. Donahoe  
Superintendent

cc: BF

*211  
copies of PA  
previously  
submitted to  
all parties  
MR*

Mr. Norman Roush  
Applicant's Agent  
West Virginia Department  
of Highways  
1900 Washington Street, East  
Charleston, West Virginia 25305

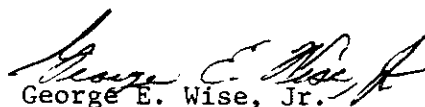
RE: FEMA-753-DR-WV  
P.A. # 000-92003  
WVA Dept of Highways  
Mobile Home Park Project  
Application

Dear Mr. Roush:

The State Public Assistance Office is in receipt of a letter from the Federal Emergency Management Agency, Region III, Philadelphia, Pennsylvania, dated January 30, 1987 in which FEMA states it has approved \$328,000 in a Supplement Project Application for Mobile Home Parks. Included in the total figures is the balance due the City of Petersburg for the sewage line from Cedar Manor Mobile Home group site.

Should you have any questions please contact this office at your convenience.

Sincerely,

  
George E. Wise, Jr.  
State Public Assistance Officer

GEW/vb  
Attachments



Federal Emergency Management Agency

Region III 105 South 7th Street Philadelphia, Pennsylvania 19106

Colonel W. F. Donohoe, Superintendent  
Governor's Authorized Representative  
Department of Public Safety  
West Virginia State Police  
South Charleston, West Virginia 25309


JAN 30 1987

Dear Colonel Donohoe:

Enclosed is an approved copy of a supplemental Project Application in the amount of \$328,000.00 requested by the West Virginia Department of Highways. Included in this amount is the balance due the City of Petersburg for the sewage line from Cedar Manor Mobile Home group site.

Sincerely,

Sincerely,



Paul P. Giordano  
Regional Director

Enclosure - a/s



REGION III

86 DEC 11 AM 11:50  
WEST VIRGINIA DEPARTMENT OF HIGHWAYS

1900 Washington Street, East  
Charleston, West Virginia  
25305

December 5, 1986

ARCH A. MOORE, JR.  
GOVERNOR

WILLIAM S. RITCHIE, JR.  
COMMISSIONER

Mr. Michael Freeman  
Region III  
Federal Emergency Management Agency  
105 South Seventh Street, Second Floor  
Philadelphia, Pennsylvania 19106

Dear Mr. Freeman:

Disaster No. 753-DR-000-92003  
Mobile Home Park Project Application

As per your request, attached is a proposed project application which includes funds amounting to \$28,246.55 which will be transmitted to the Town of Petersburg by the Office of Emergency Services for mobile home park work.

The Department of Highways, while serving as the applicant for the funds, is not involved and is only serving as the agent for the pass through of the reimbursement to the Town of Petersburg.

We have not received approval of the project application transmitted by our letter of September 11, 1986 and since that time have been informed that \$63,395 of the previously approved amount was used to reimburse the Town of Petersburg for other work previously completed.

This project application is, therefore, written for an amount of \$88,000 based on our total latest estimated cost of \$6,790,000 (furnished in our September 11, 1986 letter) and on the premise that the supplemental previously submitted for \$240,000 will be approved.

Your approval of the project application is requested. If you have any questions, please contact Mr. Norman Roush of this office.

Very truly yours,

W. S. Ritchie, Jr.  
Commissioner

By:

Fred VanKirk  
State Highway Engineer

FV:Rh

cc: Mr. George Wise, OES

<b>FEDERAL ASSISTANCE (PART I)</b>		2. APPLICANT'S APPLICATION		3. STATE APPLICATION IDENTIFIER		4. FEMA 753-DR b. DECLARATION DATE November, 1985	
1. TYPE OF ACTION <input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION (Mark appropriate box) <input type="checkbox"/> NOTIFICATION OF INTENT (Opt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION		a. PA b. SUPP		c. FIPS No. 000-92003			
4. LEGAL APPLICANT RECIPIENT				5. FEDERAL EMPLOYER IDENTIFICATION NO.			
a. Applicant Name <b>West Virginia Department of Highways</b>				6. PROGRAM (From Federal Catalog)			
b. Organization Unit				a. NUMBER 830300			
c. Street/P.O. Box 1900 Washington Street, E.				b. TITLE Disaster Assistance			
d. City Charleston							
e. County Kanawha							
f. State West Virginia							
g. ZIP Code 25305							
h. Contact Person (Name & telephone No.) Norman H. Roush (304) 348-2804							
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT (PL 93-288)  Refer to DSR's attached as Part II to this application				8. TYPE OF APPLICANT/RECIPIENT A - State B - Interstate C - Sunstate District D - County E - City F - School District G - Special Purpose District H - Community Action Agency I - Higher Educational Institution J - Indian Tribe K - Other (Specify):  Enter appropriate letter <input type="checkbox"/>			
				9. TYPE OF ASSISTANCE A - Basic Grant B - Supplemental Grant C - Loan D - Insurance E - Other Enter appropriate letter(s) <input type="checkbox"/>			
10. AREA OF PROJECT IMPACT (Name of state, county, city, etc.)		11. ESTIMATED NUMBER OF PERSONS BENEFITING		12. TYPE OF APPLICATION A - New B - Revision C - Renewal D - Continuation E - Amendment Enter appropriate letter <input type="checkbox"/>			
13. PROPOSED FUNDING		14. CONGRESSIONAL DISTRICTS OF:		15. TYPE OF CHANGE (For 12a or 12b) A - Increase Dollars B - Decrease Dollars C - The Same Dollars D - Decrease Duration E - Other (Specify): Enter appropriate letter <input type="checkbox"/>			
a. FEDERAL \$ 0.00		a. APPLICANT		b. PROJECT			
b. APPLICANT \$ 0.00		16. PROJECT START DATE		17. PROJECT END DATE			
c. STATE \$ 0.00		18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY		19. EXISTING FEDERAL IDENTIFICATION NUMBER			
d. LOCAL \$ 0.00							
e. OTHER \$ 0.00							
f. TOTAL \$ 0.00							
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) Federal Emergency Management Agency				21. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No			
22. THE APPLICANT CERTIFIES THAT		23. CERTIFYING REPRESENTATIVE a. TYPED NAME AND TITLE Fred VanKirk State Highway Engineer b. SIGNATURE c. DATE SIGNED Year Month Day 1986/12/04					
24. AGENCY NAME Federal Emergency Management Agency (FEMA)		25. ORGANIZATION UNIT Disaster Response and Recovery		26. ADMINISTRATIVE OFFICE Region		27. APPLICATION RECEIVED 19	
28. ADDRESS		29. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		30. FUNDING a. FEDERAL \$ .00 b. APPLICANT \$ .00 c. STATE \$ .00 d. LOCAL \$ .00 e. OTHER \$ .00 f. TOTAL \$ .00		31. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)	
32. STARTING DATE 19		33. ENDING DATE 19		34. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No		35. FEDERAL AGENCY OFFICIAL (Name and telephone no.)	

FEMA NO. 753-DR-000-92003, MOBILE HOME PARK  
SUPPLEMENTAL REQUEST FOR INCREASE IN PROJECT  
APPLICATION FOR MOBILE HOME PARK CONSTRUCTION

Original Request	\$5,786,000.00
Supplement (Approved)	<u>768,395.00</u>
TOTAL APPROVED	\$6,554,395.00

Town of Petersburg	\$ 64,395.00
	<u>28,250.00</u>
Total	\$ 92,645.00

DOH Expected Cost	\$6,790,000.00
Town of Petersburg	<u>92,645.00</u>
Total Request	\$6,882,645.00
Previously Approved	<u>6,554,395.00</u>
	328,250.00
Requested 9-11-86	<u>240,000.00</u>
This Project Application	\$ 88,250.00

SAY	\$ 88,000.00
-----	--------------

TOTAL AMOUNT APPROVED: \$828,000.00

August A. Helms  
Federal Emergency Management Agency

JAN 30, 1987  
Date

This approval includes request of \$240,000.00

Dated 9-11-86

It also includes \$28,246.55 for the Town of Petersburg.



RECEIVED  
NOV 20 1986



HE: File (Proj Appl.)  
cc: BF  
CB  
PC  
HEF

WV DEPT. OF HIGHWAYS  
ENGINEERING ASSISTANT

STATE OF WEST VIRGINIA

OFFICE OF EMERGENCY SERVICES  
STATE CAPITOL BUILDING, ROOM EB-80  
CHARLESTON, WEST VIRGINIA 25305  
304 348-5380

ARCH A. MOORE, JR.  
Governor

BILL R. JOPLING  
Deputy Director

November 19, 1986

Mr. Norman Roush  
Department of Highways  
Building 5, Room 129  
1900 Washington Street  
Charleston, WV 25305

Dear Mr. Roush:

This is to advise that \$64,395.00 of FEMA DR753 Temporary Housing funds has been disbursed to the City of Petersburg. Your authorization of FEMA funds should be reduced accordingly.

Sincerely,

A handwritten signature in cursive script, reading "Bill R. Jopling".

Bill R. Jopling  
Deputy Director

RECEIVED

MAY 28 1986



STATE OF WEST VIRGINIA

WV DEPT. OF HIGHWAYS  
ENGINEERING ASSISTANT  
OFFICE OF EMERGENCY SERVICES  
STATE CAPITOL BUILDING, ROOM EB-80  
CHARLESTON, WEST VIRGINIA 25305

ARCH A. MOORE, JR.  
Governor

304 348-5380

MANNIE R. GRIFFITH  
Director

May 27, 1986

Mr. Norman H. Roush, Engineer  
Department of Highways  
Building 5 Capitol Complex  
Charleston, WV 25305

RE: FEMA-753-DR  
Temporary Housing Project

Dear Mr. Roush:

Enclosed please find a copy of a correspondence from FEMA regarding the above referenced project.

If we can be of further service, contact us.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bob", written over a horizontal line.

Robert L. Boggs  
State Public Assistance Office

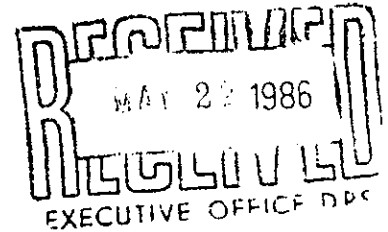
RLB/vb  
Enclosure



# Federal Emergency Management Agency

Region III 105 South 7th Street Philadelphia, Pennsylvania 19106

MAY 19 1986



*Copy to  
D.O.H.*

Colonel W.F. Donohoe, Superintendent  
Governor's Authorized Representative  
Department of Public Safety  
West Virginia State Police  
South Charleston, West Virginia 25309

Dear Colonel Donohoe:

Your request for an increase to the State of West Virginia's letter of Credit in the amount of \$768,395 has been approved.

These funds, STH, are for use by the Department of Highways.

Attached is an executed copy of the Project Application in the amount stated above.

An additional \$64,395 has been included to cover the cost of the sewer line at the Petersburg group site.

If you have any further questions concerning this matter please contact Mike Freeman, of my staff, at (215) 597-1287.

Sincerely,

*Paul P. Giordano*  
Paul P. Giordano  
Regional Director

FEDERAL ASSISTANCE (PART I)		2. APPLICANT'S APPLICATION	a. PA	3. STATE APPLICATION IDENTIFIER	a. FEMA
1. TYPE OF ACTION <input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION (Mark appropriate box)	<input type="checkbox"/> NOTIFICATION OF INTENT (Opt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION	b. SUPP		753-DR	b. DECLARATION DATE November 7, 1985
4. LEGAL APPLICANT RECIPIENT		OBLIGATION LOG NUMBER		c. FIPS No.	000-92003
a. Applicant Name <b>West Virginia Department of Highways</b>		b. Organization Unit		6. FEDERAL EMPLOYER IDENTIFICATION NO.	
c. Street/P.O. Box <b>1900 Washington Street East</b>		d. City <b>Charleston</b>		6. PRO-GRAM (From Federal Catalog)	
e. State <b>WV</b>		g. ZIP Code <b>25305</b>		a. NUMBER <b>830300</b>	
h. Contact Person (Name & telephone No.) <b>Norman H. Roush (304) 348-2804</b>				b. TITLE Disaster Assistance	
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT (PL 93-288) Refer to DSR's attached as Part II to this application		8. TYPE OF APPLICANT/RECIPIENT A - State B - Interstate C - Substate District D - County E - City F - School District G - Special Purpose District H - Community Action Agency I - Higher Educational Institution J - Indian Tribe K - Other (Specify): Enter appropriate letter <input type="checkbox"/>		9. TYPE OF ASSISTANCE A - Basic Grant B - Supplemental Grant C - Loan D - Insurance E - Other Enter appropriate letter(s) <input type="checkbox"/>	
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)		11. ESTIMATED NUMBER OF PERSONS BENEFITING		12. TYPE OF APPLICATION A - New B - Renewal C - Revision D - Continuation E - Augmentation Enter appropriate letter <input type="checkbox"/>	
13. PROPOSED FUNDING		14. CONGRESSIONAL DISTRICTS OF:		15. TYPE OF CHANGE (For 12c or 12e) A - Increase Dollars B - Decrease Dollars C - Increase Duration D - Decrease Duration E - Cancellation Enter appropriate letter(s) <input type="checkbox"/>	
a. FEDERAL \$ .00		a. APPLICANT		16. PROJECT START DATE Year Month Day	
b. APPLICANT \$ .00		b. PROJECT		17. PROJECT DURATION Months	
c. STATE \$ .00		18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY		19. EXISTING FEDERAL IDENTIFICATION NUMBER	
d. LOCAL \$ .00		49			
e. OTHER \$ .00					
f. TOTAL \$ .00					
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) Federal Emergency Management Agency		21. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No			
22. THE APPLICANT CERTIFIES THAT a. To the best of my knowledge and belief, data in this application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved.		b. If required by OMB Circular A-95 this application was submitted, pursuant to instructions therein, to appropriate clearinghouses and all responses are attached.		No response <input type="checkbox"/> Response attached <input type="checkbox"/>	
23. CERTIFYING REPRESENTATIVE a. TYPED NAME AND TITLE <b>Fred VanKirk State Highway Engineer</b>		b. SIGNATURE <i>Fred VanKirk</i>		c. DATE SIGNED April 16 1986	
24. AGENCY NAME Federal Emergency Management Agency (FEMA)		25. APPLICANT RECEIVED 19			
26. ORGANIZATION UNIT Disaster Response and Recovery		27. ADMINISTRATIVE OFFICE Region		28. FEDERAL APPLICATION IDENTIFICATION	
29. ADDRESS		30. FEDERAL GRANT IDENTIFICATION		31. ACTION TAKEN	
31. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN		32. FUNDING a. FEDERAL \$ .00 b. APPLICANT \$ .00 c. STATE \$ .00 d. LOCAL \$ .00 e. OTHER \$ .00 f. TOTAL \$ .00		33. ACTION DATE Year Month Day	
34. STARTING DATE 19		35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)		36. ENDING DATE 19	
37. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No		38. FEDERAL AGENCY A-95 ACTION		39. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone no.)	

FEMA NO. 753-DR-000-92003  
MOBILE HOME PARK  
SUPPLEMENTAL REQUEST FOR INCREASE IN PROJECT  
APPLICATION FOR MOBILE HOME PARK CONSTRUCTION

Original Request	\$5,786,000.00
Total Expected Cost	<u>6,490,000.00</u>
Amount Requested in Supplemental Project Application	\$ 704,000.00

Increase in amount of expenditures due to changes in field conditions during construction, changes approved by FEMA and actual costs being collected for the mobile home park construction.

*Herman H. Hahn*  
4/16/86.

After additional <sup>\$</sup>64,395.<sup>00</sup> has been added to the original request to cover the additional costs at the Petersburg group site.

*approved 5/12/86*

Total \$ Approved: \$768,395.00

*Alfred A. Hahn*  
Alfred A. Hahn  
Disaster Recovery Manager

*May 12, 1986*  
(Date)



WEST VIRGINIA DEPARTMENT OF HIGHWAYS

1900 Washington Street, East  
Charleston, West Virginia  
25305

ARCH A. MOORE, JR.  
GOVERNOR

WILLIAM S. RITCHIE, JR.  
COMMISSIONER

April 16, 1986

Mr. Michael Freeman  
Region III  
Federal Emergency Management Agency  
105 South Seventh Street, Second Floor  
Philadelphia, Pennsylvania 19106

Dear Mr. Freeman:

FEMA NO. 753-DR-000-92003  
Mobile Home Parks

Attached, as requested in your telephone conversation with Mr. Norman H. Roush, is a supplemental application for federal assistance form completed for an increase in the amount needed to fully compensate for the actual outlays by the Department of Highways for mobile home parks.

Based on our review of the paid and outstanding billings, this request should provide an adequate amount in the letter of credit to cover all costs. If not, we will have full justification of any overruns.

If you have any questions, please contact Mr. Roush at (304) 348-2804.

Very truly yours,

W. S. Ritchie, Jr.  
Commissioner

By:

Fred VanKirk  
State Highway Engineer

FV:Rh

Attachment

bcc: RC, HD, DR, PC, HE, HEF, BF

EQUAL OPPORTUNITY EMPLOYER

FEDERAL ASSISTANCE (PART I)		2. APPLICANT'S APPLICATION	a. PA	3	3. STATE APPLICATION IDENTIFIER	a. FEMA	1
1. TYPE OF ACTION <input type="checkbox"/> PREAPPLICATION <input checked="" type="checkbox"/> APPLICATION (Mark appropriate box) <input type="checkbox"/> NOTIFICATION OF INTENT (Opt.) <input type="checkbox"/> REPORT OF FEDERAL ACTION		b. SUPP		4	b. DECLARATION DATE November 7, 1985		
4. LEGAL APPLICANT RECIPIENT		OBLIGATION LOG NUMBER		c. FIPS No. 000-92003			3
a. Applicant Name <b>West Virginia Department of Highways</b>		b. Organization Unit		5. FEDERAL EMPLOYER IDENTIFICATION NO.			
c. Street/P.O. Box <b>1900 Washington Street East</b>		d. City <b>Charleston</b>		e. County <b>Kanawha</b>		6. PRO-GRAM (From Federal Catalog)	
f. State <b>WV</b>		g. ZIP Code: <b>25305</b>		a. NUMBER <b>830300</b>		b. TITLE <b>Disaster Assistance</b>	
h. Contact Person (Name & telephone No.) <b>Norman H. Roush (304) 348-2804</b>							
7. TITLE AND DESCRIPTION OF APPLICANT'S PROJECT (PL 93-288) Refer to DSR's attached as Part II to this application				8. TYPE OF APPLICANT/RECIPIENT A - State B - Interstate C - Substate District D - County E - City F - School District G - Special Purpose District H - Community Action Agency I - Higher Educational Institution J - Indian Tribe K - Other (Specify): Enter appropriate letter <input type="checkbox"/>			
9. TYPE OF ASSISTANCE A - Basic Grant B - Supplemental Grant C - Loan D - Insurance E - Other Enter appropriate letter(s) <input type="checkbox"/>							
10. AREA OF PROJECT IMPACT (Names of cities, counties, States, etc.)		11. ESTIMATED NUMBER OF PERSONS BENEFITING		12. TYPE OF APPLICATION A - New B - Renewal C - Revision D - Continuation E - Augmentation Enter appropriate letter <input type="checkbox"/>			
13. PROPOSED FUNDING		14. CONGRESSIONAL DISTRICTS OF:		15. TYPE OF CHANGE (For 12c or 12e) A - Increase Dollars B - Decrease Dollars C - Increase Duration D - Decrease Duration E - Cancellation Enter appropriate letter(s) <input type="checkbox"/>			
a. FEDERAL \$ <b>100,000.00</b>		a. APPLICANT		b. PROJECT			
b. APPLICANT \$ <b>7,000.00</b>		16. PROJECT START DATE Year Month Day <b>1985 10 1</b>		17. PROJECT DURATION Months <b>12</b>			
c. STATE \$ <b>100,000.00</b>		18. ESTIMATED DATE TO BE SUBMITTED TO FEDERAL AGENCY Year Month Day <b>1985 10 1</b>		19. EXISTING FEDERAL IDENTIFICATION NUMBER			
d. LOCAL \$ <b>0.00</b>							
e. OTHER \$ <b>0.00</b>							
f. TOTAL \$ <b>207,000.00</b>							
20. FEDERAL AGENCY TO RECEIVE REQUEST (Name, City, State, ZIP code) Federal Emergency Management Agency						21. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No	
22. THE APPLICANT CERTIFIES THAT		a. To the best of my knowledge and belief, data in this application are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is approved. b. If required by OMB Circular A-95 this application was submitted pursuant to instructions therein, to appropriate clearinghouses and all responses are attached.					
23. CERTIFYING REPRESENTATIVE		a. TYPED NAME AND TITLE <b>Fred VanKirk State Highway Engineer</b>		b. SIGNATURE <i>Fred VanKirk</i>		c. DATE SIGNED Year Month Day <b>April 16 1986</b>	
24. AGENCY NAME Federal Emergency Management Agency (FEMA)				25. APPLICATION RECEIVED Year Month Day <b>1986 10 1</b>			
26. ORGANIZATION UNIT Disaster Response and Recovery				27. ADMINISTRATIVE OFFICE Region		28. FEDERAL APPLICATION IDENTIFICATION	
29. ADDRESS				30. FEDERAL GRANT IDENTIFICATION		31. ACTION TAKEN <input type="checkbox"/> a. AWARDED <input type="checkbox"/> b. REJECTED <input type="checkbox"/> c. RETURNED FOR AMENDMENT <input type="checkbox"/> d. DEFERRED <input type="checkbox"/> e. WITHDRAWN	
32. FUNDING		33. ACTION DATE Year Month Day <b>1986 10 1</b>		34. STARTING DATE Year Month Day <b>1986 10 1</b>		35. CONTACT FOR ADDITIONAL INFORMATION (Name and telephone number)	
a. FEDERAL \$ <b>100,000.00</b>		36. ENDING DATE Year Month Day <b>1986 10 1</b>		37. REMARKS ADDED <input type="checkbox"/> Yes <input type="checkbox"/> No		38. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone No.)	
b. APPLICANT \$ <b>7,000.00</b>							
c. STATE \$ <b>100,000.00</b>							
d. LOCAL \$ <b>0.00</b>							
e. OTHER \$ <b>0.00</b>							
f. TOTAL \$ <b>207,000.00</b>							
39. FEDERAL AGENCY A-95 ACTION		40. FEDERAL AGENCY A-95 OFFICIAL (Name and telephone No.)					

FEMA NO. 753-DR-000-92003  
MOBILE HOME PARK  
SUPPLEMENTAL REQUEST FOR INCREASE IN PROJECT  
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Original Request	\$5,786,000.00
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Amount Requested in Supplemental Project Application	\$ 704,000.00

Increase in amount of expenditures due to changes in field conditions during construction, changes approved by FEMA and actual costs being collected for the mobile home park construction.

*Norman H. Hirsch*  
4/16/86.







STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25305

ARCH A. MOORE, JR.  
GOVERNOR

August 6, 1986

The Honorable Sam Landis  
Mayor  
City of Petersburg  
Post Office Box 666  
Petersburg, West Virginia 26847

Dear *Sam* Landis:

On August 30, 1985, I awarded your community a Small Cities Block Grant in the amount of \$750,000 for the construction of a sewerage system for the City of Petersburg. In making this grant, I recognized the desperate condition of sewer service in many West Virginia communities. In order to most effectively utilize the limited dollars available at that time, I committed \$375,000 from our FY 1985 Small Cities allocation with an additional commitment to evaluate your progress and provide the remaining \$375,000 from our future funding.

I am pleased to announce my approval of the remaining \$375,000 for a total commitment of \$750,000 to allow for completion of your project. My Community Development Division staff will be contacting you to assist you in completing the changes necessary to amend your contract.

It is with great pleasure that I have been able to work with you on this very worthwhile project which will benefit the City of Petersburg.

Sincerely,

Arch A. Moore, Jr.  
Governor

AAMJr:jp



STATE OF WEST VIRGINIA  
GOVERNOR'S OFFICE  
OF  
COMMUNITY AND INDUSTRIAL DEVELOPMENT  
CHARLESTON, WV 25305

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ARCH A. MOORE, JR.  
GOVERNOR

December 10, 1986

The Honorable Sam Landis  
Mayor  
City of Petersburg  
Post Office Box 669  
Petersburg, West Virginia 26847

RE: City of Petersburg  
Petersburg Sewer System  
B-85-DC-54-0001 and B-86-DC-54-0001  
Environmental Clearance & Release of Funds

Dear Mayor Landis:

On October 30, 1985, this office received your Request for Release of Funds and Certification pertaining to the above referenced project.

The Release of Funds and Certification was approved and became effective on November 18, 1985. By letter dated the same, this office authorized the use of \$375,000 in Fiscal Year 1985 SCBG funds as part of a \$750,000 multi-year funding strategy.

This letter constitutes your authority to use the balance of \$375,000 in Fiscal Year 1986 SCBG funds to complete the multi-year funding strategy.

All conditions set forth in Grant Agreements B-85-DC-54-0001 and B-86-DC-54-0001 which were based upon environmental review and clearance procedures were satisfied, effective November 18, 1985.

This correspondence should be included in your Environmental Review Record.

Sincerely,

Fred Cutlip, Director  
Community Development Division

FC:jp

✓ cc: Kenneth Dyche, Region VIII

WV-47

## STATE OF WEST VIRGINIA

## PURCHASE ORDER

BUYER  
87

Page 1 of 36 Pages

P.O. No.: 1209

Department or Institution: Governor's Office of Community &amp; Industrial Dev.

Vendor Name &amp; Address: 00

CITY OF PETERSBURG  
POST OFFICE BOX 646  
PETERSBURG, WEST VIRGINIA 26887F.E.I.N. 690-550-031-7  
TELEPHONE

Date: 11/4/85

State Acct. No: 121-8029-15-025-13

Fiscal Year: 1986

B. R. Acct. No.:

Ship To:

Governor's Office of Community &  
Industrial Development  
R-130, Capitol Building  
Charleston, WV 25305

Invoice in Quintuplicate to

SAME AS ABOVE

11-18-85 sk

## AGREEMENT

This Agreement constitutes the acceptance of contract made by and between the State of West Virginia by the Commissioner of Finance and Administration for and on behalf of Governor's Office of Community & Industrial Development and City of Petersburg, for Petersburg Sewer System

Service beginning August 30, 19 85 and extending until August 30, 19 87. All in accordance with standard form of agreement attached hereto as a part hereof.

## SCHEDULE OF PAYMENT

0 \_\_\_\_\_ per \_\_\_\_\_

FEE: \$ 375,000.00  
TRAVEL EXPENSE: \$ \_\_\_\_\_  
OTHER EXPENSE: \$ \_\_\_\_\_  
TOTAL: \$ 375,000.00

APPROVED AS TO FORM THIS 22  
DAY OF Nov, 19 85

CHARLIE BROWN  
Attorney GeneralBY CA McPherson  
Assistant Attorney General

STATE OF WEST VIRGINIA  
Department of Finance and Administration  
JOHN F. McCUSKEY

by Dana Stout  
Commissioner

Execution of this Agreement by the Commissioner of the Department of Finance and Administration and the Purchasing Director constitutes acceptance by those parties of the terms and conditions contained in the attached contract documents and binds the vendor whose signature appears therein to said terms and conditions.

Approval of the

Governor on Page 2

TOTAL AMOUNT OF THIS ENCUMBERED  
PURCHASE ORDER \$ FROM TRANSMITTAL

APPROVED AS TO PROVISIONS AND TERMS

STATE OF WEST VIRGINIA

Department of Finance and Administration  
PURCHASING DIVISION

Kathy P. Klein  
DIRECTOR, PURCHASING DIVISION

11-40



STATE OF WEST VIRGINIA  
OFFICE OF THE GOVERNOR  
CHARLESTON 25304

August 30, 1985

ARCH A. MOORE, JR.  
GOVERNOR

The Honorable Sam Landis  
Mayor  
City of Petersburg  
Post Office Box 666  
Petersburg, West Virginia 26847

Dear Mayor Landis:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1985. The State of West Virginia received 149 applications for funding totaling over \$63 million in community development projects. As you are aware, West Virginia's FY 85 allocation was somewhat less than \$17 million; less than a third of the amount requested for funding.

I recognize the desperate condition of sewer service in many West Virginia communities. After careful review of the many worthy projects submitted for consideration, I am pleased to announce my approval of your application in the amount of \$750,000 to improve the sewer service for the City of Petersburg.

In order to most effectively utilize the limited dollars available, I hereby commit \$375,000 from our FY 85 allocation which will be immediately available to you. The remaining \$375,000 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to immediately expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project. It is my intention to personally present your grant award to you at the earliest possible date.

It is with great pleasure that I am able to work with you to make this improvement a reality for all the citizens of Petersburg.

Sincerely,

A handwritten signature in dark ink, appearing to read "Arch".

Arch A. Moore, Jr.  
Governor

AAMJr:mp

## TERMS AND CONDITIONS

- 1 Vendor's Federal Employer Identification Number or Social Security Number, Purchasing Division file number, purchase order number, and name of Spending Unit specified on the purchase order must appear on all invoices, correspondence, containers, drums, shipping tags, boxes and etc
- 2 AN ORIGINAL TYPED INVOICE AND FOUR COPIES MUST BE SUBMITTED FOR PAYMENT AGAINST THIS PURCHASE ORDER TO SPENDING UNIT DESIGNATED ON THE FACE OF THE PURCHASE ORDER.
- 3 Any request for changes or corrections in the purchase order must be submitted to the Purchasing Division in writing. The unit price on all purchase orders not containing a price adjustment agreement will remain firm for the life of the contract.
- 4 Vendors offering items claimed as equal to those specified on the purchase order, but which are not equal, may be subject to the Purchasing Director's recommendation that the right and privilege of the vendor to bid on State purchases be suspended, in accordance with the WVA Code, §5A-3-39
- 5 All tangible property and/or services sold to the State of West Virginia on this purchase order is exempt from consumers sales and service tax or use tax. Vendor's file copy of this order will be accepted by the State Tax Department as an exemption certificate
- 6 All sales of tangible property and/or services to the State of West Virginia, which are consummated in this State, are subject to West Virginia business and occupation tax
- 7 All sales to the State of West Virginia are exempt from federal tax under Exemption No. A-108077.
- 8 The State of West Virginia may reject, revoke, or cancel this agreement or any part thereof, and, in the absence of provisions for liquidated damages as set forth in the body of this agreement, shall have the right to recover any and all damages sustained as a result of the vendor's failure to perform, in whole or in part, the terms and conditions of this agreement. The State may withhold from any remittance due the vendor under the terms and conditions of this agreement an amount equal to the damages sustained by such failure of performance on the part of the vendor.
- 9 The Director of Purchasing reserves the right to cancel this contract upon fifteen (15) days written notice to the vendor, subject to the following qualifications:
  - a Allowances may be made for delays in delivery or performance which are caused by shortages of materials or energy resources, strikes or by other causes beyond the control of the vendor. Provided, however, that the cause of such delay must be direct and that the vendor must submit to the Director of Purchasing documented proof of the cause of any such delay
  - b Notwithstanding the above provision, the Director of Purchasing reserves the right to cancel this contract forthwith if the commodities supplied as herein contracted for are of an inferior quality or if the commodities supplied are not in conformity with the specifications of the bid and contract herein. Any deviations from specifications indicated herein must be clearly pointed out; otherwise, it will be considered that items offered are in strict compliance with these specifications and successful bidder will be held responsible therefor. Deviations must be explained in detail. Vendors offering items claimed as equal to those specified hereon, but which are not equal, may be removed from the bidders list, at the option of the Director of Purchasing.
- 10 PROVIDER agrees that it will comply with Title VI of the Federal Civil Rights Act of 1964 (P L. 88-352) and the Regulations of the State of West Virginia, to the end that no person in the State, or in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Provider receives any recompense or other consideration of value, either directly or indirectly, from the State and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved, this assurance shall obligate the Provider, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which any State payment is extended or for another purpose involving the provision of similar services or benefits. If any other goods or services are so provided, this assurance shall obligate the Provider for the period during which it supplies such goods or services

The Provider recognizes and agrees that such right to provide property, goods or services to the State will be extended in reliance on the representations and agreements made in this assurance, and that the State shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Provider, its successor, transferees, and assignee, or any authorized persons on behalf of the Provider.
- 11 FAILURE OF SUCCESSFUL BIDDER TO MAKE DELIVERY AS QUOTED HEREIN WILL BE CONSIDERED SUFFICIENT CAUSE FOR CANCELLATION
- 12 VENDORS MUST BE PROPERLY REGISTERED WITH THE PURCHASING DIVISION.

SMALL CITIES BLOCK GRANT

C O N T R A C T

BETWEEN

GOVERNOR'S OFFICE OF COMMUNITY AND INDUSTRIAL DEVELOPMENT

AND

CITY OF PETERSBURG

THIS AGREEMENT, entered into this 30th day of August, 1985 the West Virginia Department of Finance and Administration on behalf of the Governor's Office of Community and Industrial Development, hereinafter called the "State" and the City of Petersburg and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383) as amended through the Housing and Urban Rural Recovery Act of 1983 (Public Law 98-181) subject to the regulations of the Department of Housing and Urban Development, 24 CFR Part 570, Subparts C, I, K and O and subject to the scope of the State of West Virginia Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the Grantee has identified its housing and community development needs, including those of low and moderate income persons and the activities to be undertaken to meet such needs.

WHEREAS, the Grantee has provided for opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination

and comment regarding the proposed project and on the community development performance of the Grantee.

WHEREAS, the Grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low and moderate income families or aid in the prevention or elimination of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Assistance to Grantee. The State shall obligate, to the Grantee, from funds allocated to the State by Grant Agreement B-85-DC-54-0001, \$375,000 to perform such tasks hereafter described in the Scope of Services.

2. Scope of Services. The Grantee, or its designated agent, in accordance with the program guidelines to be used in the administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to construct a 600,000 gpd oxidation ditch treatment plant, improve the collection system and upgrade existing pumping station in addition to securing administrative and engineering services, as well as audit of the project.

3. Changes. The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed, which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments



to this Contract. Major changes in the Scope of Services which substantially deviate from that originally approved shall require a citizen participation process as performed for the initial submission of the grant proposal. The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. Time of Performance. The Grantee will commence its duties under this Contract on August 30, 1985 and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the services required hereunder shall be completed by August 31, 1987. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. Construction Within Twelve Months. The Grantee shall have the project under construction within twelve months after execution of this agreement by both parties. The Grantee further understands that if the project is not under construction within a twelve-month period that it must resubmit its application at which time the State will reevaluate its obligation to provide funds for the project.

6. Administrative Requirements and Procedures.

(A) Personnel. The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State.

(B) Applicable Law. The Grantee shall comply with all the restrictions, conditions, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, through 1983, and with all applicable State and federal laws and regulations including 24 CFR Part 570, Subpart K, in administering and distributing funds provided under this agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. Implementing regulations are found in 24 CFR Part 1.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et. seq.) popularly known as the Fair Housing Act. In addition, Executive Order 11063, as amended by Executive Order 12259, and as implemented by 24 CFR Part 107 are applicable. The Grantee further certifies that it will take all actions necessary to affirmatively further fair housing.

(3) Section 109 of P.L. 93-383 including the Age Discrimination Act of 1976 (U.S.C. 6101 et. seq.) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall apply.

(4) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In addition, the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(5) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government in which the project is located and that contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area. The Grantee shall adopt a Section 3 plan to assure good faith efforts towards compliance with the statutory directive.

(6) Section 401(b) of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831) prohibits the use of lead based paints in residential structures.

(7) The Grantee agrees to assume all of the responsibilities for environmental review, decision making and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(f) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands; (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control (n), Subpart C - Siting of HUD Projects Near Hazardous Operations Handling Conventional Fuels or Chemical of an Explosive or Flammable Nature (o), and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities) the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(8) The State and the Grantee will comply with the provisions of Department of Treasury Circular 1075 and/or the State's Small Cities Grants Management Handbook, as revised, in the process of requesting and administering funds from the State's Letter of Credit.

(C) Accounting. The Grantee will establish a separate account for the proper recording of project costs in accordance with generally-accepted cost accounting principles and procedures so as to reflect all receipts and allowable expenditures in connection with the said project and the purpose thereof.

(D) Audit. Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted through the State Tax Department. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-128, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs Activities, and Functions.

(E) Record Retention. Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

a. If any litigation, claim or audit is started before the expiration of the three year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

b. Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

The retention period starts from the date of the submission of the final expenditure report.

(F) Access to Records. The Grantee shall, at any time during normal business hours, and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the

matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

(G) Repayment. The Grantee shall refund to the State or Federal government any expenditures determined to be made for an ineligible purpose for which federal funds were received.

(H) Competitive Bid Procedures. All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition. The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to this project which have an estimated value of over \$5,000. Any attempts by the Grantee to segregate the project into sections having an estimated value of less than \$5,000 may be cause for termination of an agreement under the provisions of Paragraph 8.

These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area twice within fourteen days next preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, and by posting notice on a bulletin board in a public place. The Grantee shall have available, upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures.

(I) Bonding and Insurance. Except as otherwise required by law, a grant that requires the contracting or subcontracting for construction of facility improvements shall provide for the Grantee to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the contract or subcontract exceeds \$100,000. If the contracts or subcontracts exceed \$100,000, the minimum bonding and insurance requirements shall be as follows:

a. A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

b. A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

c. A payment on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment as required by law of all persons supplying labor or materials in the execution of the work provided for in the contract.

(J) Facilities Operation. The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable federal, State and local statute, law, ordinance, or regulation as to actual construction procedures, as well as maintenance and operation of such facilities upon completion.

(K) Interest of Members of the State and Others. No officer, member or employee of the State, or officer, member or employee of the Grantee who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Contract which, during his tenure or for one year thereafter, affects his personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested or has any personal or pecuniary interest. No officer, member, or employee of the Grantee or any member of its governing body, or officer, member, or employee of the Contractor shall have any interest, direct or indirect, in this Contract or the proceeds thereof.

7. Recovery of Capital Costs. The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds from this program by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless (a) funds received are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from other revenue sources; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certifies to the State of West Virginia that it lacks sufficient funds received under the program to comply with the requirements of clause (a).

8. Displacement. The Grantee certifies that a plan for minimizing displacement of persons as a result of activities assisted under this contract has been established if required and agrees to assist persons actually displaced as a result of such activities.

9. Method of Payment. In order to receive any and all payments under the terms of this agreement, the Grantee shall submit the following: (a) a Letter of Transmittal containing a progress report and (b) a Request for Payment - Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility, and if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

10. Termination of Contract for Cause. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner his obligations under this Contract, or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee of such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of set-off until such time as the exact amount of damages due the State from the Grantee is determined.

11. Termination for Convenience of the State. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services



actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

12. Termination by the Grantee. The Grantee may unilaterally rescind this agreement at any time prior to the commencement of the project. After project commencement, this agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

13. Reporting. A final Performance Report shall be submitted to the State within sixty (60) days after the close of the grant period. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the previously-referred to Program Guidelines of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

14. Closeout. Shall be completed when the State: 1) is in receipt of a Final Performance Report; 2) has determined that all monitoring findings have been formally addressed and are resolved; and 3) has received a completed, final project audit and has determined that any findings have been resolved.

15. Resolution of Disputes. Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this agreement shall be initiated through consultation and discussion at the State's Administrative Offices with final decision on question of policy or fact being determined by the Director of GOCID or his designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws.

16.9. Notice. The parties hereto agree that notice shall be served when the mailed certified U.S. Mail to the following addresses: the following: (a) a letter

of Transmittal containing a progress report and (b) a request for payment.  
Governor's Office of Community  
and Industrial Development  
Building 6, Room 553-B  
State Capitol Complex  
Charleston, West Virginia 25305

expenditures from the State's Letter of Credit with the Department of Housing  
and Urban Development  
Mayor's Office - City of Petersburg  
Post Office Box 666

10. Petersburg, West Virginia 26847 If, through any cause, the Grantee  
shall fail to fulfill in a necessary and proper manner his obligations under  
Grantee Mailing Address

[WITNESSETH] that the parties hereto have entered their signatures  
hereafter with each representing to the other that the execution of this  
agreement is done with full authority and that attached hereto and made a part  
hereof as Attachment B, is a certified copy of the resolution, motion, or  
similar action of the governing body of the Grantee directing and authorizing  
its official representative to act in connection with this agreement.

Notwithstanding the above, the Grantee shall not be relieved of liability  
to the State for damages sustained by the State by virtue of any breach of the  
Contract by the Grantee, and the State may with the Grantee  
CITY OF PETERSBURG STATE OF WEST VIRGINIA  
GOVERNOR'S OFFICE OF COMMUNITY  
AND INDUSTRIAL DEVELOPMENT  
for the purpose of set-off until such time as the State is relieved of the  
the State from the Grantee is determined.

11. Termination for Convenience of the State  
By: Mayor John G. Redline, Director  
this Contract at any time by giving written notice to the Grantee of such

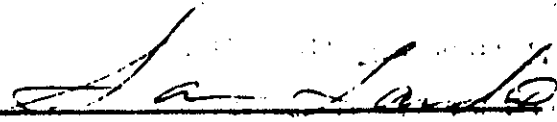
termination and specifying the effective date of termination. Fred Cutlip  
FUNDING PARAGRAPH

Service provided under this contract is to be  
contingent on the total year contingent  
upon fund amount which the Legislature  
for this service. If the Legislature is not ap-  
propriate for these services, this contract be-  
comes of no effect and is null and void after  
June 30.

**RESOLUTION**

- WHEREAS:** The City of Petersburg needs to make improvements to its sewer system, and
- WHEREAS:** The State of West Virginia has made \$375,000 available from the Fiscal Year 1985 Small Cities Block Grant Program, and
- WHEREAS:** The City of Petersburg must authorize acceptance of the grant offer including the terms and conditions involved,
- NOW THEREFORE BE IT RESOLVED:** that the Petersburg City Council authorizes the acceptance of the West Virginia Small Cities Program grant offer, including the terms and conditions involved and authorizes Sam Landis, Mayor/City of Petersburg, to execute all documents necessary to accept this grant.

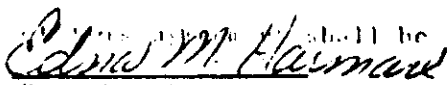
Adopted this the 7th day of October, 1985, at a regular meeting of the Petersburg City Council at which a quorum was present and a majority voted affirmatively on the Resolution.



**Sam Landis**

**MAYOR**

**ATTEST:** The Mayor/City of Petersburg shall be authorized to execute and present to the State of West Virginia during the term of the grant offer.



Edna M. Harman shall be authorized through consultation and discussion at the City's Administrative Offices with final decision on question of policy or fact

**Edna Harman**

Secretary of the City of Petersburg, WV or his designated representative

**Clerk**

NOTED: The Mayor/City of Petersburg shall be authorized to execute and present to the State of West Virginia during the term of the grant offer.

<b>SMALL CITIES PROGRAM SECTION I</b>  Project Summary		1. Original <input checked="" type="checkbox"/> Amendment <input type="checkbox"/> Date _____		2. Name of Eligible Applicant CITY OF PETERSBURG  3. F.E.I.N. 55-6000-231	
4. Address of Applicant CITY OF PETERSBURG P.O. BOX 666 PETERSBURG, WV 26847			5. Name/Address/Telephone of Contact Person KENNETH W. DYCHE REGION 8 PDC P.O. BOX 887 PETERSBURG, WV 26847 (304) 257-1221		
6. Name of Project PETERSBURG SEWER SYSTEM			7. County GRANT		8. Region EIGHT

9. Component Activities (List as shown in Section IV-A) (a)	Relates to National Objective (b)	Small Cities Funds Requested (c)	Other Funds		Total Project Amount (f)
			Source (d)	Amount (e)	
ADMINISTRATION	A	\$ 17,500	-	\$ -	\$ 17,500
PROFESSIONAL SERVICES	A	6,000	EPA/LOCAL	176,000	182,000
SEWER SYSTEM	A	726,500	EPA/LOCAL	2,650,500	3,377,000
<b>TOTAL</b>	XXXXXXXXXXXX XXXXXXXXXXXX	\$ 750,000	XXXXXXXXXXXX XXXXXXXXXXXX	\$2,826,500	\$3,576,500

10. Status of Other Funds (If approved, attach verification)  
 EPA PENDING / LOCAL AVAILABLE

11. Relationship of Activities to National Objectives (Post to Column 9b) <ul style="list-style-type: none"> <li>a. Benefit to low/moderate income persons</li> <li>b. Existing conditions pose a serious and immediate threat to health and welfare where other financial resources are not available to meet such needs.</li> <li>c. Aid in the prevention or elimination of blighted or deteriorated areas.</li> </ul>	12. Functional Category <ul style="list-style-type: none"> <li><input type="checkbox"/> Neighborhood Revitalization</li> <li><input checked="" type="checkbox"/> Community Facilities</li> <li><input type="checkbox"/> Housing</li> <li><input type="checkbox"/> Economic Development</li> <li><input type="checkbox"/> Public Services</li> <li><input type="checkbox"/> Community Planning</li> </ul>
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13. To the best of my knowledge and belief, data in this proposal is true and correct, the submission thereof has duly been authorized by the governing body, and the applicant will comply with the attached assurances and certifications if assistance is provided.

Typed Name: <u>SAM LANDIS</u>	Signature: <u><i>Sam Landis</i></u>
Title: <u>MAYOR</u>	Date: <u>JUNE 7, 1985</u>

<b>SMALL CITIES PROGRAM SECTION III</b>	<b>1. Name of Applicant :</b> CITY OF PETERSBURG																				
<b>Impact of Activities on National Objectives</b>	<b>2. Name of Project:</b> PETERSBURG SEWER PROJECT																				
<p>Briefly describe the scope of the project and the anticipated results once completed. How will identified needs (Section IIA) of low- and moderate-income persons be impacted by each of the selected activities? Each activity must be addressed separately. In determining whether each of the applicant's activities meets one of the National Objectives, the State will consider whether the activity falls within the standards of Part 0 (570.901(b)) operating instructions. For each activity, the applicant must identify the Part 0 Standard in the right-hand column.</p>																					
<p><b>Project Scope:</b> It is the scope of this proposal to eliminate environmental and health threats posed by the Petersburg Sewer System by providing sufficient resources to reconstruct the system, and thus improve living conditions for the communities residents (fifty-four percent of which are low/moderate income persons) while maintaining an affordable rate structure.</p>																					
<b>Activities and Impact:</b>	<b>PART 0 STANDARD</b>																				
<p>To address the threat to the health of the City's residents, the City proposes to upgrade its present failing treatment system. Elements in this effort include:</p> <p><b>I. <u>TREATMENT PLANT:</u></b></p> <p>Construction of a 600,000 gallons per day oxidation ditch treatment plant to provide secondary treatment of sewerage: <span style="float: right;">\$2,674,000</span></p> <p><b>II. <u>COLLECTION IMPROVEMENT:</u></b></p> <p>1. Major improvement to reduce inflow and infiltration (I&amp;I)</p> <p style="margin-left: 40px;">A. Virginia Avenue-Installing new sanitary sewer and relocating house connections from storm sewer to sanitary sewer.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Virginia Avenue:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">MH 5 to MH 11.</td> <td style="text-align: right;">1,048' - 8" @ \$48.00 =</td> <td></td> <td style="text-align: right;">50,300</td> </tr> <tr> <td>Pierpont Street Connection</td> <td style="text-align: right;">30' - 8" @ \$48.00 =</td> <td></td> <td style="text-align: right;">1,400</td> </tr> <tr> <td>Pine Street Connection:</td> <td style="text-align: right;">25' - 8" @ \$48.00 =</td> <td></td> <td style="text-align: right;">1,200</td> </tr> <tr> <td>Grove Street Connection:</td> <td style="text-align: right;">20' - 8" @ \$48.00 =</td> <td></td> <td style="text-align: right;">1,000</td> </tr> </table> <p style="text-align: center; margin-top: 20px;">Attach additional pages as necessary.</p>		Virginia Avenue:				MH 5 to MH 11.	1,048' - 8" @ \$48.00 =		50,300	Pierpont Street Connection	30' - 8" @ \$48.00 =		1,400	Pine Street Connection:	25' - 8" @ \$48.00 =		1,200	Grove Street Connection:	20' - 8" @ \$48.00 =		1,000
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<b>SMALL CITIES PROGRAM</b>  <b>SECTION III</b> Con't.	<b>1. Name of Applicant:</b> CITY OF PETERSBURG	
	<b>2. Name of Project:</b> PETERSBURG SEWER SYSTEM	

Grove Street Extended-MH 2 to MH 5: 313' -10" @ \$37.00 =       11,600 Mill Race Replacement (Encased): 855' -14" @ \$50.00 =       42,700 Sub-Total                               \$ 108,200	570.901 (b) (1) (1) (A)																							
B. Davis Street - Installing new sanitary sewer and relocating house connections from storm sewer to sanitary sewer. 1,076' - 8" @ \$35.00 =       \$ 37,700																								
2. Sewering Monarch Heights - Elimination of local health hazard:	570.901 (b) (1) (1) (A)																							
<table border="0"> <tr> <td>Line A</td> <td>3,310' -8" @ \$35.00 =</td> <td>\$ 115,900</td> </tr> <tr> <td>Line B</td> <td>924' -8" @ \$35.00 =</td> <td>32,300</td> </tr> <tr> <td>Line C</td> <td>1,140' -8" @ \$35.00 =</td> <td>39,900</td> </tr> <tr> <td>Line D</td> <td>1,147' -8" @ \$35.00 =</td> <td>40,100</td> </tr> <tr> <td>Line E</td> <td>653' - @ FM @ \$30.00 =</td> <td>19,600</td> </tr> <tr> <td>Lift Station</td> <td>L.S.</td> <td>116,000</td> </tr> <tr> <td>Force Main</td> <td>1,547' -6" @ \$32.00 =</td> <td>49,500</td> </tr> <tr> <td>Sub-Total</td> <td></td> <td>\$ 413,300</td> </tr> </table>		Line A	3,310' -8" @ \$35.00 =	\$ 115,900	Line B	924' -8" @ \$35.00 =	32,300	Line C	1,140' -8" @ \$35.00 =	39,900	Line D	1,147' -8" @ \$35.00 =	40,100	Line E	653' - @ FM @ \$30.00 =	19,600	Lift Station	L.S.	116,000	Force Main	1,547' -6" @ \$32.00 =	49,500	Sub-Total	
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Sub-Total		\$ 413,300																						
3. South Potomac Force Main from pumping station to treatment plant:	570.901 (b) (1) (1) (A)																							
4,791' -8" @ \$25.00 =       \$ 119,800																								
4. Upgrade South Potomac Pumping Station       \$ 24,000	570.901 (b) (1) (1) (A)																							
TOTAL CONSTRUCTION COST       \$3,377,000																								
<b>III. ENGINEERING:</b>	570.901 (b) (1) (1) (A)																							
Provision of Engineering and Legal Services during construction       \$ 182,000																								
TOTAL       \$3,559,000																								

It should be kept in mind that the above \$3,559,000 does not include  
 \$17,500 of Administrative Cost, and the local share of Step II Cost  
 (\$21,638).



CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, N.A., a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Petersburg Sewer Revenue Bonds, Series 1987 A and Series 1987 B, all dated April 23, 1987, in the aggregate principal amount of \$809,812 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 23rd day of April, 1987.

KANAWHA VALLEY BANK, N.A.

By

*Charlotte L. Morgan*  
Its Corp. Trust Admin. Officer

04/22/87  
PETER1-M







CITY OF PETERSBURG

Sewer Revenue Bonds,  
Series 1987 A and Series 1987 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN CORPORATE TRUST ADMINISTRATOR <sup>Officer</sup> of Kanawha Valley Bank, N.A., as Registrar under the Local Act and Registrar's Agreement providing for the \$809,812 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, of the City of Petersburg (the "Issuer"), hereby certify that on the 23rd day of April, 1987, the single fully registered Series 1987 A Bond of the Issuer in the principal amount of \$650,306 designated "Sewer Revenue Bond, Series 1987 A," numbered AR-1, and the single fully registered Series 1987 B Bond of the Issuer in the principal amount of \$159,506 designated "Sewer Revenue Bond, Series 1987 B," numbered BR-1, were registered as to principal and interest (the Series 1987 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of this 23rd day of April, 1987.

KANAWHA VALLEY BANK, N.A.

By

Its

Charlotte S. Morgan  
Corp Trust Admin. Officer

04/22/87  
PETER1-0



## REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 23rd day of April, 1987, by and between the CITY OF PETERSBURG, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$809,812 aggregate principal amount of Sewer Revenue Bonds, Series 1987 A and Series 1987 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Ordinance enacted January 5, 1987, and a Supplemental Resolution adopted April 21, 1987 (collectively, the "Local Act");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Local Act, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Local Act provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or

by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Local Act with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Local Act, the terms of the Local Act shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Local Act will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	City of Petersburg
	Post Office Box 669
	23 Virginia Avenue
	Petersburg, West Virginia 26847
	Attention: Mayor

REGISTRAR: Kanawha Valley Bank, N.A.  
One Valley Square  
Post Office Box 1793  
Charleston, West Virginia 25301  
Attention: Corporate Trust Department

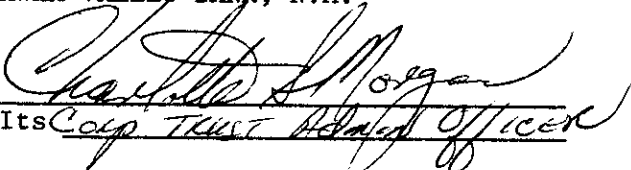
8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, the CITY OF PETERSBURG and KANAWHA VALLEY BANK, N.A. have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CITY OF PETERSBURG

By   
Mayor

KANAWHA VALLEY BANK, N.A.

By   
Its Corp Trust Admin Officer

04/22/87  
PETER1-P

EXHIBIT A

[Included in transcript as Document No. 1]



# INVOICE



ONE FINANCIAL PLACE  
Kanawha Valley Bank, N.A.

TOWN OF PETERSBURG  
OFFICE OF THE MAYOR  
PETERSBURG, WV

DATE: APRIL 23, 1987

UNITS	ITEM DESCRIPTION	TOTAL
	\$650,306 SERIES A BOND AND \$159,506 SERIES B BOND 1987 REVENUE BONDS  SERVICES AS AUTHENTICATING AGENT AND REGISTRAR ONE TIME FEE.....	\$500.00

SEND REMITTANCE TO: KANAWHA VALLEY BANK, N.A.  
CORPORATE TRUST DEPARTMENT ATT: CHARLOTTE  
P.O. BOX 1793 S. MORGAN  
CHARLESTON, W.VA. 25326-1793



ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the Sewer Revenue Bond, Series 1987 A, of the City of Petersburg in the principal amount of \$650,306, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: April 14, 1987.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

  
Authorized Representative

04/22/87  
PETER1-Q